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INCOME-TAX ACT, 2025

6: Succession to business or profession

Section 313 - Succession to business or profession otherwise than on death.

(1) Where a person carrying on any business or profession (hereinafter referred to as the predecessor) has been succeeded therein by any other person (hereinafter referred to as the successor) who continues to carry on that business or profession,—

(a) the predecessor shall be assessed in respect of the income of the tax year in which the succession took place up to the date of succession;

(b) the successor shall be assessed in respect of the income of the tax year after the date of succession.

(2) Irrespective of anything contained in sub-section (1), when the predecessor cannot be found, the assessment of the income of the tax year in which the succession took place up to the date of succession and of the tax year preceding that year shall be made on the successor in like manner and to the same extent as it would have been made on the predecessor, and all the provisions of this Act shall, so far as may be, apply accordingly.

(3) Irrespective of anything contained in sub-sections (1) and (2), where there is succession, the assessment or reassessment or any other proceedings, made or initiated on the predecessor during the course of pendency of such succession, shall be deemed to have been made or initiated on the successor and all the provisions of this Act shall, so far as may be, apply accordingly.

(4) When any sum payable under this section in respect of the income of such business or profession assessed on the predecessor,––

(a) for the tax year in which the succession took place up to the date of succession; or

(b) for the tax year preceding the year in which the succession took place,

cannot be recovered from him, the Assessing Officer shall record a finding to that effect and the sum payable by the predecessor shall thereafter be payable by and recoverable from the successor, and the successor shall be entitled to recover from the predecessor any sum so paid.

(5) Without prejudice to the provisions of this section, where any business or profession carried on by a Hindu undivided family is succeeded to, and simultaneously with the succession or after the succession there has been a partition of the joint family property between the members or groups of members, the tax due in respect of the income of the business or profession succeeded to, up to the date of succession, shall be assessed and recovered in the manner provided in section 315.

(6) For the purposes of this section,—

(a) “income” includes any gain accruing from the transfer, in any manner, of the business or profession as a result of the succession; and

(b) “pendency” means the period commencing from the date of filing of application for such succession of business before the High Court or tribunal or the date of admission of an application for corporate insolvency resolution by the Adjudicating Authority as defined in section 5(1) of the Insolvency and Bankruptcy Code, 2016, and ending with the date on which the order of such High Court or tribunal or such Adjudicating Authority, is received by the jurisdictional Principal Commissioner or the Commissioner.

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