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INCOME-TAX ACT, 2025

15: Change in constitution, succession and dissolution

Section 327 - Change in constitution of a firm.

(1) Where at the time of making an assessment under section 270 or 271, it is found that a change has occurred in the constitution of a firm, the assessment shall be made on the firm as constituted at the time of making the assessment.

(2) For the purposes of this section, there is a change in the constitution of the firm—

(a) if one or more of the partners cease to be partners or one or more new partners are admitted, subject to the condition that at least one person who was partner of the firm before the change continues as partner after such change; or

(b) where all the partners continue with a change in their respective shares or in the shares of some of them.

(3) The provisions of sub-section 2(a) shall not apply to a case where the firm is dissolved on the death of any of its partners.

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