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INCOME-TAX ACT, 2025

Chapter XXIII: MISCELLANEOUS

Section 499 - Certain transfers to be void.

(1) Where, during the pendency of any proceeding under this Act or after the completion thereof, but before the service of notice by the Tax Recovery Officer as per the procedure specified under section 413, any assessee creates a charge on, or parts with the possession of, any of his assets in favour of any other person, such charge or transfer shall be *void* as against any claim in respect of any tax or any other sum payable by the assessee as a result of the completion of the said proceeding or otherwise.

(2) The charge or transfer as referred to in sub-section (1) shall not be *void* if it is made—

(a) for adequate consideration and without notice of the pendency of such proceeding or, as the case may be, without notice of such tax or other sum payable by the assessee; or

(b) with the previous permission of the Assessing Officer.

(3) This section applies to cases where the amount of tax or other sum payable or likely to be payable exceeds ₹5000 and the assets charged or transferred exceed ₹10000 in value.

(4) For the purposes of this section,––

(a) “assets” means land, building, machinery, plant, shares, securities, fixed deposits in banks, and virtual digital asset, to the extent to which any of the said assets do not form part of the stock-in-trade of the business of the assessee;

(b) the modes of creating a charge on or parting with the possession of such assets shall include sale, mortgage, gift, exchange or any other mode of transfer.

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