

CHAPTER III
LIABILITY IN SPECIAL CASES.

**Liability to pay tax
in case of death**

21. (1) Where a dealer, liable to pay tax under this Act, dies then:-
- (a) if the business carried on by the dealer is continued after his death by his legal representative or any other person, such legal representative or other person shall be liable to pay tax including any penalty, sum forfeited and interest due from such dealer under this Act or under any earlier law, in the like manner and to the same extent as the deceased dealer, and
 - (b) if the business carried on by the dealer is discontinued whether before or after his death, his legal representative shall be liable to pay out of the estate of the deceased, in the like manner and to the same extent as the deceased dealer would have been liable to pay if he had died, the tax including any penalty, sum forfeited and interest due from such dealer under this Act, or under any earlier law, whether such tax including any penalty, sum forfeited and interest has been assessed before his death but has remained unpaid, or is assessed after his death.
- (2) Where a dealer, liable to pay tax under this Act, is a Hindu Undivided family and the joint family property is partitioned amongst the various members or group of members, then each member or group of members shall be jointly and severally liable to pay the tax including any penalty, sum forfeited and interest due from the dealer under this Act or under any earlier law, up to the time of the partition, whether such tax including any penalty, sum forfeited and interest has been assessed before partition but has remained unpaid, or is assessed after partition.
- (3) Where a dealer liable to pay tax under this Act, is a firm, and the firm is dissolved, then every person who is a partner shall be jointly and severally liable to pay to the extent to which he is liable under section 23, the tax including any penalty, sum forfeited and interest due from the firm under this Act or under any earlier law, up to the time of dissolution, whether such tax including any penalty, sum forfeited and interest has been assessed before such dissolution but has remained unpaid or is assessed after dissolution.
- (4) Where a dealer, liable to pay tax under this Act, transfers or otherwise disposes of his business in whole or in part, or effects any change in the ownership thereof, in consequence of which he is succeeded in the business or part thereof by any other person, the dealer and the

person succeeding shall jointly and severally be liable to pay the tax including any penalty, sum forfeited and interest due from the dealer under this Act or under any earlier law, up to the time of such transfer, disposal or change, whether such tax including any penalty, sum forfeited and interest has been assessed before such transfer, disposal or change but has remain unpaid, or is assessed thereafter.

(5) Where the dealer, liable to pay tax under this Act, - is the guardian of a ward on whose behalf the business is carried out by the guardian, or is trustee who carry on the business under a trust for the beneficiary, then, if the guardianship or the trust is terminated, the ward or, as the case may be, the beneficiary shall be liable to pay the tax including any penalty, sum forfeited and interest due from the dealer up to the time of the termination of the guardianship or trust, whether such tax including any penalty, sum forfeited and interest has been assessed before the termination of the guardianship or trust, but has remain unpaid, or is assessed thereafter.

(6) Where a dealer is liable to pay tax under this Act, is succeeded in the business by any person in the manner described in clause (a) of sub- section(1) or in sub-section (4) then such person shall be liable to pay tax on the sales or purchases of goods made by him on and after the date of such succession and shall (unless he already holds a certificate of registration) within sixty days thereof apply for registration.

Certain agents liable to tax for sales on behalf of principal.

22. (1) Where any person sells or purchases any taxable goods on behalf of his principal then such person and his principal shall both be jointly and severally liable to pay taxes on the turnover of such sales or purchases.
- (2) If the principal, on whose behalf the commission agents have sold or purchased any goods, shows to the satisfaction of the Commissioner that the tax has been paid by the commission agents on such goods under sub-section (1), the principal shall not be liable to pay the tax again in respect of the same transaction.
- (3) Where a manager or agent of a non-resident dealer sells or purchases any goods on behalf of a non resident dealer in the State, then the non-resident dealer and the manager or agent residing in the State, shall be jointly and severally liable to pay tax on the turnover of such sales or purchases:

Provided that, if the non-resident dealer shows to the satisfaction of the Commissioner that the tax payable in respect of such sale or purchase has been paid by the manager or agent residing in the State, then the non-resident dealer shall not be liable to pay any tax in respect of the same transaction.

Liability of partners

- 23.** (1) Notwithstanding anything contained in the Indian Partnership Act, 1932 or any contract to the contrary, where any firm is liable to pay tax under this Act, the firm and each of the partners of the firm shall be jointly and severally liable for such payments and accordingly any notice or order under this Act may be served on any person who was a partner during the relevant time whether or not the firm has been dissolved and all the provisions of this Act shall apply accordingly.
- (2) Where any such partner retires from the firm, he shall be liable to pay the tax, penalty, sum forfeited and interest remaining unpaid at the time of his retirement and any such amount due up to the date of retirement though un-assessed at that date.

Amalgamation of companies

- 24.** (1) When two or more companies are to be amalgamated by the order of a Court or the Central Government and the order is to take effect from a date earlier to the date of the order and any two or more such companies have sold or purchased any goods to or from each other in the period commencing on the date from which the order is to take effect and ending on the date of the order, then such transaction of sale and purchase will be included in the turnover of sales or of purchases of the respective companies and will be assessed to tax accordingly.
- (2) Notwithstanding anything contained in the said order, for all of the purposes of this Act, the said two or more companies will be treated as distinct companies and will be treated as such for all periods up to the date of the said order and the registration certificates of the said companies will be cancelled, where necessary, with effect from the date of the said order.
- (3) Words and expressions used in this section, but not defined, will have the respective meanings to those in the Companies Act, 1956.