(1998) 11 MAD CK 0016

In the Madras High Court

Case No : Tax Case No. 171 of 1990 (Reference No. 94 of 1990)

Commissioner of Wealth-tax APPELLANT

Vs

M.V.Ar. Meenakshi RESPONDENT

Date of Decision : 02-11-1998

Acts Referred:
Wealth Tax Rules, 1957 — Rule 1D

Citation : (2001) 247 ITR 689

Hon'ble Judges : R. Jayasimha Babu, J;A. Subbulakshmy, J

Bench : Division Bench

Advocate : Chitra Venkataraman, for the Appellant; Philip George, for the Respondent

Judgement

A. Subbulakshmy, J.—At the instance of the Revenue, the following question of law has been referred to us :

Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was correct in holding that the sum of Rs. 22,83,000 being the

sales tax penalty should be allowed as a liability while valuing the unquoted equity shares under Rule 1D of the Wealth-tax Rules, 1957 ?

2. The assessee claimed that the sum of Rs. 22,83,000 being the sales tax penalty should be allowed as a liability while valuing her shares under

Rule 1D of the ""Wealth-tax Rules. This claim was rejected by the Wealth-tax Officer. On appeal, the Appellate Assistant Commissioner directed

the Wealth-tax Officer to allow this liability in valuing the shares in view of his decision in the case of M. V. Arunachalam, another shareholder and

also following the Tribunal''s order in the case of M.V. Seetha Sub-biah decided on May 12, 1987, for the assessment years 1981-82 and 1980-

81. On appeal, the Tribunal dismissed the Department''s appeal confirming the

order of the Appellate Assistant Commissioner.

3. A similar question in the case of Commissioner of Wealth Tax Vs. M.V. Arunachalam and Another, , was considered and held that the order of

the Tribunal cannot be ignored in determining the quantum of liability of the company that it would be a relevant piece of evidence to determine the

value of liabilities as provided in Rule 1D and that, therefore, the Tribunal should go into the question again and determine what was the exact

quantum of sales tax liability towards penalty on the valuation date and, on that basis, direct the Wealth-tax Officer to determine the value of the

shares in terms of Rule 1D.

4. Following the above decision and for the reasons stated therein, we remit the matter back to the Appellate Tribunal to go into the question again

and determine what was the exact quantum of sales tax liability towards penalty on the valuation date and, on that basis, direct the Wealth-tax

Officer to determine the value of the shares in terms of Rule 1D.