(1990) 12 MAD CK 0027

In the Madras High Court

Case No : T.C. No''s. 579 and 580 of 1981 (References No''s. 262 and 263 of 1981)

Commissioner of Wealth-tax APPELLANT

Vs

S. Ram RESPONDENT

Date of Decision : 04-12-1990

Acts Referred:
Wealth Tax Act, 1957 — Section 27(1)

Citation : (1992) 197 ITR 262

Hon'ble Judges : V. Ratnam, J;T. Somasundaram, J

Bench : Division Bench

Advocate : N.V. Balasubramaniam, for the Appellant; S.N. Balasubramaniam, for the Respondent

Judgement

Ratnam, J.—In these tax case references u/s 27(1) of the Wealth-tax Act, 1957, at the instance of the Revenue, the following common

question of law has been referred for the opinion of this court in respect of the assessment years 1972-73 and 1973-74 :

Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was right in holding that the provision for gratuity should be

treated as a liability and not as a reserve for finding out the break-up of the shares held by the assessee in certain companies ?

2. With reference to the same assessee, for a different assessment year, the same question came to be considered in the decision in Commissioner

of Wealth-tax and Others Vs. S. Ram and Others, and it was held that, where a gratuity provision is based on a scientific or actuarial valuation and

it truly reflects the discounted present value of the value of the assessee''s future liability, such a provision must be deducted in arriving at the value of the shares of the company for the purpose of computation of the net wealth of the references as well : We may also point out that the decision in

Commissioner of Wealth-tax and Others Vs. S. Ram and Others, formed the subject matter of special leave petitions in S. L. P. (C) Nos. 14051

to 14287 of 1989 and 1116 of 1986 and the Supreme Court also upheld the view taken by this court in Commissioner of Wealth-tax and Others

Vs. S. Ram and Others, and dismissed the special leave petitions on January 22, 1990 (vide [1990] 181 ITR 227. In view of this, the common

question referred to us as answered in the affirmative and against the Revenue. There will be no order as costs.

