(2000) 09 SC CK 0121

In the Supreme Court Of India

Case No : C.A. No''s. 3131-32 of 1993

Commissioner of Wealth Tax — APPELLANT

Vs

Sita Ram Jindal — RESPONDENT

Date of Decision : 21-09-2000

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

Citation : (2000) 1 JT 296 Supp : (2000) 7 SCALE 312 : (2002) 10 SCC 739

Hon'ble Judges : Y. K. Sabharwal, J;S. P. Bharucha, J;Ruma Pal, J

Bench : Full Bench

Final Decision : Allowed

Judgement

1. Four questions were before the High Court in a reference u/s 127 of the Wealth Tax Act at the instance of the Revenue. They read thus:

(1) Whether on the facts and in the circumstances of the case, the Tribunal is right in law in holding that in valuing shares under Rule 1D of the Wealth Tax Rules, the entire provisions for taxation appearing in the liability side of the balance sheet should be deducted from the value of the assets?

(2) Whether on the facts and in the circumstances of the case, the Tribunal is right in law in approving the assessee's method of valuation in respect of unquoted shares in preference to the valuation adopted by the Wealth Tax Officer as per provisions of Rule 1D of the Wealth Tax Rules, 1957?

(3) Whether on the facts and in the circumstances of the case, the Tribunal is justified in law in adopting the market value of the unquoted equity shares after 1967, ignoring the provisions of Rule 1D?

(4) Whether on the facts and in the circumstances of the case, the Tribunal is right in law in adopting the market value of the unquoted shares of Jindal Aluminium Ltd. at Rs. 100/- per share as against the value determined by the Wealth Tax Officer?

2. The High Court answered the first question in favour of the Revenue. It held that the provisions of Rule 1D of the Wealth Tax Rules was directory and, therefore, answered the second and third questions against the Revenue. In its view, the fourth question did not call for any specific answer.

3. This Court in the case of Bharat Hari Singhania and others Vs. Commissioner of Wealth Tax (Central) and others, has taken a contrary view of the provisions of Rule 1D. Therefore, the second and third questions must be answered in favour of the Revenue. Once those questions are answered in favour of the Revenue, it follows, as a matter of course, that the fourth question must be answered, and it must be answered in favour of the Revenue. Accordingly, the second, third and fourth questions are answered in the negative and in favour of the Revenue.

4. The appeals are allowed. The order under appeal is set aside.