
(1995) 04 RAJ CK 0023

In the Rajasthan High Court

Case No : DB WT Ref. No. 58 of 1989, 26th April, 1994

COMMISSIONER OF WEALTH TAX

APPELLANT

Vs

SMT. NANI DEVI.

RESPONDENT

Date of Decision : 26-04-1995

Acts Referred:

Wealth Tax Act, 1957 — Section 27(1)

Citation : (1996) 131 CTR 86

Hon'ble Judges : V. K. Singhal, J

Bench : Division Bench

Judgement

V. K. SINGHAL, J. :

The Tribunal has referred the following question of law, which arises out of its order dt. 22nd Sept., 1988 under s. 27(1) of the WT Act :

"Whether, on the facts and in the circumstances of the case the Tribunal was legally justified in holding that r. 1D of WT Rules would not apply in a case where the valuation date of the company and the assessee do not coincide and subsequently the rule being the only directory the proper method to value the shares is the yield method ?"

2. The matter as to whether the provisions of r. 1D of the WT Rules are mandatory or directory, was considered by the apex Court in the case of Bharat Hari Singhania and others Vs. Commissioner of Wealth Tax (Central) and others, . It was held by the apex Court that the WTO has to follow and apply r. 1D in each and every case where he has to value the unquoted equity shares of a company. The contention of the assessee that it is merely directory and need not be followed at the choice of the WTO or the assessee, was not accepted.

3. The question whether the determination of market value in a case where the valuation date of the company and the assessee do not coincide was also discussed in the above judgment. Since the shares are unquoted, the provisions of r. 1D were held applicable.

4. The facts of the present case are similar to the case which has been decided by the apex Court and, therefore, following the above decision, we are of the opinion that the provisions of r. 1D are mandatory. The Tribunal was not justified in holding that r. 1D of the WT Rules would not apply in a case where the valuation date of the company and the assessee do not coincide and subsequently the rule being only directory the proper method to value the shares is the yield method. The reference is answered in favour of the Revenue and against the assessee.