

(1998) 11 MAD CK 0021

In the Madras High Court

Case No : Tax Cases No"s. 1056 to 1058 of 1993 References No"s. 330 to 332 of 1993 9 November 1998

Commissioner of Wealth Tax

APPELLANT

Vs

T.R. Jayaraman

RESPONDENT

Date of Decision : 09-11-1998

Acts Referred:

Citation : (2000) 248 ITR 781

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

Bench : Full Bench

Advocate : C.V. Rajan for the Revenue and None for the Assessee, for the Appellant;

Judgement

R. Jayasimha Babu J.

The substantive question referred to us in this reference is as to whether rule 1D of the Wealth Tax Rules, 1957, is mandatory or directory.

2. The Supreme Court in the case of Bharat Hari Singhania and others Vs. Commissioner of Wealth Tax (Central) and others, while upholding the

validity of rule 1D of the Wealth Tax Rules has held that (headnote) : ""Rule 1D has to be followed in valuing each and every case of unquoted

equity shares of a company (other than an investment company or a managing agency company). It is not a matter of choice or option. The rule-

making authority has prescribed only one method for valuing the unquoted equity shares. If this method were not to be followed, there is no other

method prescribed by the rules. Where there is a rule prescribing the manner in which a particular property has to be valued, the authorities under

the Act have to follow it. They cannot devise their own ways and means for

valuing the assets.

The questions referred to us therefore have necessarily to be and are answered in favour of the revenue and against the assessee.

3. The assessee has not been served with notice in this reference. We have nevertheless proceeded to dispose of the reference having regard to

the fact that the law on the question has been now declared authoritatively by the Supreme Court and the law so declared is binding on all persons

and authorities in India including the assessee.

However, we reserve liberty to the respondent in this reference to apply to us for the purpose of making any submission which though material for

the purpose of disposing of this reference had not been brought to our notice by the revenue .

The matter is remitted to the Tribunal to determine the value of the unquoted equity shares in accordance with rule 1D of the Wealth Tax Rules.