(2002) 11 MAD CK 0022

In the Madras High Court

Case No : Tax Case No''s. 31 and 70 of 1999 13 November 2002

CWT APPELLANT

Vs

Mrs. Shanta Rangarajan RESPONDENT

Date of Decision : 13-11-2002

Acts Referred:

Citation : (2003) 129 TAXMAN 230

Hon'ble Judges : N.V. Balasubramanian, J;K. Raviraja Pandian, J

Bench : Full Bench

Advocate : Mrs. Pushya Sitharaman, for the Revenue V.S. Jayakumar, for the Assessee, for the Appellant;

Judgement

N.V. Balasubramanian, J.

Mr. V.S. Jayakumar, learned counsel takes notice for the respondent and he undertakes to file vakalath for the respondent.

2. In these two Tax Cases the following two questions have been referred in relation to the assessment years 1986-87 and 1987-88 of the

assessee :

1.Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in law in holding that while valuing the unquoted

equity shares the valuation should be on yield basis only?

2. Whether on the facts and in the circumstances of the case the Appellate Tribunal was right in law in holding that while valuing the unquoted

equity shares, the valuation should be on yield basis only?

3. It is fairly submitted by the learned counsel for the parties that the issue arising in both the questions are covered against the assessee by the

decision of the Supreme Court in Bharat Hari Singhania and others Vs.

Commissioner of Wealth Tax (Central) and others, where the Supreme

Court has held that rule 1D of the Wealth Tax Rules is mandatory and all the authorities under the Wealth Tax Act including the valuation officer

are bound by rule 1 D of the Wealth Tax Rules. The view taken by the Tribunal that rule 1D is not mandatory and while valuing the unquoted

equity shares, the valuation should be done on yield basis is not correct in view of the decision of the Supreme Court in Bharat Mari Singhanias

case (supra). Accordingly, following the decision of the Supreme Court in Bharat Hari Singhanias case (supra), we answer both the questions of

law referred to us in the negative in favour of the revenue and against the assessee. The result is the matter is remitted to the Tribunal to re-

determine the value of the shares in accordance with rule 1D of the Wealth Tax Rules. It is also made clear that it is open to the Tribunal to remit

the matter to the assessing officer for determination of the value in accordance with the said Rule. However, there will be no order as to costs.

