(2002) 12 AHC CK 0027

In the Allahabad High Court

Case No : W.T. Ref. No. 182 of 1981 12 December 2002

CWT APPELLANT

Vs

Smt. Pushpawati Devi Singhania RESPONDENT

Date of Decision : 12-12-2002

Acts Referred:

Citation : (2003) 131 TAXMAN 252

Hon'ble Judges : Yatindra Singh, J;M. Katju, J

Bench : Full Bench

Advocate : Bharatji Agrawal, for the Revenue V.K. Upadhyaya, for the Assessee, for the Appellant;

Judgement

Sri Bharatji Agarwal is present for the department and Sri V.K. Upadhyaya is present for the assessee.

2. There is an application u/s 27(1) of the Wealth Tax Act, 1957 in which the following questions of law has been referred to us :

"1. Whether the Tribunal was right in law in holding that the depreciation, which was not a liability shown in the Balance Sheet be deducted while valuing the unquoted shares under rule ID of Wealth Tax Rules ?

2. Whether the Tribunal was correct in directing that arrears of dividend on Cumulative preference shares be allowed as a deduction for the purpose of valuation of shares under rule ID of the Wealth Tax Rules

The relevant assessment year is 1976-77.

3. In Bharat Hari Singhania v. CWT (1979) 118 ITR 58 it has been held that in view of rule 1D of the Wealth Tax Rules the assessee''s method of valuation of unquoted shares cannot be approved if it is not in accordance with rule 1D. Only the deductions mentioned in the rule can be deducted from the valuation. Arrears of dividend on cumulative preference shares are not mentioned in rule 1D. Hence they cannot deduct from the value of the assessee''s assets.

4. Consequently both the questions are asnwered in the negative that is in favour of the department and against the assessee.

