

Cwt Vs. Anup Kumar

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Court : Chennai

Decided On : Nov-26-2002

Reported in : [2003]131TAXMAN510(Mad)

Appeal No. : Tax Case No. 276 of 1999 Reference No. 272 of 1999 26 November 2002

Appellant : Cwt

Respondent : Anup Kumar

Advocate for Pet/Ap. : Mrs. Pushya Sitharaman, *for the Revenue* P.P.S. Janardhana Raja, *for the Assessee*

Judgement :

N.V. Balasubramanian, J.

In pursuance of the direction of this court, the Income Tax Appellate Tribunal has stated the case and referred the following question of law for consideration under section 27(1) of the Wealth Tax Act, 1957 :

'Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was right in law in holding that the market value of the shares held by the assessee in a company in which the public are substantially interested and the shares of which are also quoted in a recognised Stock Exchange can be fixed at a

rate lower than the rate quoted in the Stock Exchange?'

2. The assessment year involved is 1989-90. The assessee is an individual holding certain shares in Solidaire India Limited. The shares are also quoted in Stock Exchange and the issue that arises is regarding the mode of valuation of the shares, which are quoted in the stock exchange. The Appellate Tribunal followed an earlier order in the case of A.S. Ananth (W.T.A. No. 542 (Mad) of 1991, dated 18-5-1994) to take the view that it will not be proper to value the shares at the price quoted in the stock exchange, though shares were quoted in stock exchange.

3. We find that the order of the Appellate Tribunal rendered in the case of A.S. Ananth (supra) was subject-matter for consideration before this court in (T.C. No. 46 of 1998) CWT v. A.S. Ananth (one of us was a party to the judgment), wherein this court by judgment dated 7-10-2002 did not agree with the view expressed by the Tribunal and held that the valuation of the shares has necessarily to be made in the manner provided in the statute, and the value of the shares has to be determined at the price quoted in the stock exchange at the relevant valuation date. The learned counsel for the assessee in his fairness has submitted that the decision of this court in T.C. No. 46 of 1998 dated 7-10-2002 would apply to the facts of this case as well.

Accordingly, following the said decision and for the reasons stated therein, we answer the question of law referred to us in the negative in favour of the revenue and against the assessee. No costs.

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