

REFERENCE TO & PROCEEDINGS BEFORE VALUATION OFFICER

(I) Income Tax Provisions:

1. Section 55A

With a view to ascertaining the fair market value of a capital asset for the purposes of this Chapter, the [Assessing] Officer may refer the valuation of capital asset to a Valuation Officer—

- (a) in a case where the value of the asset as claimed by the assessee is in accordance with the estimate made by a registered valuer, if the [Assessing] Officer is of opinion that the value so claimed [is at variance with its fair market value];
- (b) in any other case, if the [Assessing] Officer is of opinion—
 - (i) that the fair market value of the asset exceeds the value of the asset as claimed by the assessee by more than such percentage of the value of the asset as so claimed or by more than such amount as may be prescribed in this behalf ; or
 - (ii) that having regard to the nature of the asset and other relevant circumstances, it is necessary so to do,

and where any such reference is made, the provisions of sub-sections (2), (3), (4), (5) and (6) of section 16A, clauses (ha) and (i) of sub-section (1) and sub-sections (3A) and (4) of section 23, sub-section (5) of section 24, section 34AA, section 35 and section 37 of the Wealth-tax Act, 1957 (27 of 1957), shall with the necessary modifications, apply in relation to such reference as they apply in relation to a reference made by the [Assessing] Officer under sub-section (1) of section 16A of that Act.

Explanation.—In this section, "Valuation Officer" has the same meaning, as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).]

1. Section 50C

(1) Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being land or building or both, is less than the value adopted or assessed [or assessable] by any authority of a State Government (hereafter in this section referred to as the "stamp valuation authority") for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed [or assessable] shall, for the purposes of [section 48](#), be deemed to be the full value of the consideration received or accruing as a result of such transfer.

(2) Without prejudice to the provisions of sub-section (1), where—

(a) the assessee claims before any Assessing Officer that the value adopted or assessed [or assessable] by the stamp valuation authority under sub-section (1) exceeds the fair market value of the property as on the date of transfer;

(b) the value so adopted or assessed [or assessable] by the stamp valuation authority under sub-section (1) has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court,

the Assessing Officer may refer the valuation of the capital asset to a Valuation Officer and where any such reference is made, the provisions of sub-sections (2), (3), (4), (5) and (6) of section 16A, clause (i) of sub-section (1) and sub-sections (6) and (7) of section 23A, sub-section (5) of section 24, section 34AA, section 35 and section 37 of the Wealth-tax Act, 1957 (27 of 1957), shall, with necessary modifications, apply in relation to such reference as they apply in relation to a reference made by the Assessing Officer under sub-section (1) of section 16A of that Act.

[*Explanation 1.*—For the purposes of this section, "Valuation Officer" shall have the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).

[*Explanation 2.*—For the purposes of this section, the expression "assessable" means the price which the stamp valuation authority would have, notwithstanding anything to the contrary contained in any other law for the time being in force, adopted or assessed, if it were referred to such authority for the purposes of the payment of stamp duty.]

(3) Subject to the provisions contained in sub-section (2), where the value ascertained under sub-section (2) exceeds the value adopted or assessed [or assessable] by the stamp valuation authority referred to in sub-section (1), the value so adopted or assessed [or assessable] by such authority shall be taken as the full value of the consideration received or accruing as a result of the transfer.]

3. Section 56 (2)

Provided that where the stamp duty value of immovable property as referred to in sub-clause (b) is disputed by the assessee on grounds mentioned in sub-section (2) of [section 50C](#), the Assessing Officer may refer the valuation of such property to a Valuation Officer, and the provisions of [section 50C](#) and sub-section (15) of [section 155](#) shall, as far as may be, apply in relation to the stamp duty value of such property for the purpose of sub-clause (b) as they apply for valuation of capital asset under those sections :

4. Section 142A

(1) For the purposes of making an assessment or reassessment under this Act, where an estimate of the value of any investment referred to in [section 69](#) or [section 69B](#) or the value of any bullion, jewellery or other valuable article referred to in [section 69A](#) or [section 69B](#) [or fair market value of any property referred to in sub-section (2) of [section 56](#)] is required to be made, the Assessing Officer may require the Valuation Officer to make an estimate of such value and report the same to him.

(2) The Valuation Officer to whom a reference is made under sub-section (1) shall, for the purposes of dealing with such reference, have all the powers that he has under section 38A of the Wealth-tax Act, 1957 (27 of 1957).

(3) On receipt of the report from the Valuation Officer, the Assessing Officer may, after giving the assessee an opportunity of being heard, take into account such report in making such assessment or reassessment:

Provided that nothing contained in this section shall apply in respect of an assessment made on or before the 30th day of September, 2004, and where such assessment has become final and conclusive on or before that date, except in cases where a reassessment is required to be made in accordance with the provisions of [section 153A](#).

Explanation.—In this section, "Valuation Officer" has the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).]

(II) Wealth Tax Provisions:

1. Section 16A

(1) For the purpose of making an assessment (including an assessment in respect of any assessment year commencing before the date of coming into force of this section) under this Act, [where under the provisions of section 7 read with the rules made under this Act, or, as the case may be, the rules in Schedule III, the market value of any asset is to be taken into account in such assessment,] the [Assessing Officer] may refer the valuation of any asset to a Valuation Officer—

- (a) in a case where the value of the asset as returned is in accordance with the estimate made by a registered valuer, if the [Assessing Officer] is of opinion that the value so returned is less than its fair market value ;
- (b) in any other case, if the [Assessing Officer] is of opinion—
 - (i) that the fair market value of the asset exceeds the value of the asset as returned by more than such percentage of the value of the asset as returned or by more than such amount as may be prescribed in this behalf ; or
 - (ii) that having regard to the nature of the asset and other relevant circumstances, it is necessary so to do.

(2) For the purpose of estimating the value of any asset in pursuance of a reference under sub-section (1), the Valuation Officer may serve on the assessee a notice requiring him to produce or cause to be produced on a date specified in the notice such accounts, records or other documents as the Valuation Officer may require.

(3) Where the Valuation Officer is of opinion that the value of the asset has been correctly declared in the return made by the assessee under section 14 or section 15, he shall pass an order in writing to that effect and send a copy of his order to the [Assessing Officer] and to the assessee.

(4) Where the Valuation Officer is of opinion that the value of the asset is higher than the value declared in the return made by the assessee under section 14 or, section 15, or where the asset is not disclosed or the value of the asset is not declared in such return or where no such return has been made, the Valuation Officer shall serve a notice on the assessee intimating the value

which he proposes to estimate and giving the assessee an opportunity to state, on a date to be specified in the notice, his objections either in person or in writing before the Valuation Officer and to produce or cause to be produced on that date such evidence as the assessee may rely in support of his objections.

(5) On the date specified in the notice under sub-section (4), or as soon thereafter as may be, after hearing such evidence as the assessee may produce and after considering such evidence as the Valuation Officer may require on any specified points and after taking into account all relevant material which he has gathered, the Valuation Officer shall, by order in writing, estimate the value of the asset and send a copy of his order to the [Assessing Officer] and to the assessee.

(6) On receipt of the order under sub-section (3) or sub-section (5) from the Valuation Officer, the [Assessing Officer] shall, so far as the valuation of the asset in question is concerned, proceed to complete the assessment in conformity with the estimate of the Valuation Officer.]

2. Rule 3A

Regional Valuation Officers shall exercise, within such areas as the Board may direct, general supervision over the work of District Valuation Officers, Valuation Officers and Assistant Valuation Officers.

(2) District Valuation Officers, Valuation Officers and Assistant Valuation Officers shall perform the functions of a Valuation Officer in respect of such areas and in relation to such classes of assets as the Board may direct.

(3) Where under any directions issued under sub-rule (2), the functions of a Valuation Officer in relation to any class of assets, being buildings or lands or any rights in buildings or lands, in respect of any area have been assigned to a District Valuation Officer, Valuation Officer and an Assistant Valuation Officer, such functions shall be performed by the District Valuation Officer, the Valuation Officer or, as the case may be, the Assistant Valuation Officer as provided hereunder:—

- (i) if the value of the asset as declared in the return made by the assessee under section 14 or section 15 exceeds [Rs. [300] lakhs] or if the asset is not disclosed or the value of the asset is not declared in such return or no such return has been made and the value of the asset, in the opinion of the [Assessing Officer], exceeds the aforesaid amount, the functions shall be performed by the District Valuation Officer ;
- (ii) if the value of the asset as declared in the return made by the assessee under section 14 or section 15 exceeds [Rs. [40] lakhs] but does not exceed [Rs. [300] lakhs] or if the asset is not disclosed or the value of the asset is not declared in such return or no such return has been made and the value of the asset, in the opinion of the Assessing Officer], falls within the aforesaid limits, the functions shall be performed by the Valuation Officer; and
- (iii) if the value of the asset as declared in the return made by the assessee under section 14 or section 15 does not exceed [Rs. [40] lakhs], or if the asset is not disclosed or the value of the asset is not declared in such return or no such return has been made and the value of the asset, in the opinion of the [Assessing Officer], does not exceed the aforesaid amount, the functions shall be performed by the Assistant Valuation Officer :]

Provided that the District Valuation Officer referred to in clause (i) having jurisdiction in respect of the area may, if he considers it necessary or expedient so to do for the purpose of proper and efficient management of the work of valuation, himself perform such functions in relation to any asset referred to in clause (ii) :]

[**Provided further** that] the Valuation Officer referred to in clause (ii) having jurisdiction in respect of the area may, if he considers it necessary or expedient so to do for the purpose of proper and efficient management of the work of valuation, himself perform such functions in relation to any asset referred to in clause (iii).]

[(4) Where the valuation of any asset, being building or land or any right in any building or land, referred to the District Valuation Officer, the Valuation Officer or the Assistant Valuation Officer, as the case may be, is pending with him on the 13th February, 2009, being the date of commencement of the Wealth-tax (Second Amendment) Rules, 2009, —

- (i) *the District Valuation Officer shall transfer the reference to the Valuation Officer, if the value of the asset as declared in the return made by the assessee under section 14 or section 15 does not exceed Rs. 300 lakhs ;*
- (ii) *the Valuation Officer shall transfer the reference to the Assistant Valuation Officer, if the value of the asset as declared in the return made by the assessee under section 14 or section 15 does not exceed Rs. 40 lakhs.]*

[(5) For the purposes of sub-rules (3) and (4), the value of the assets referred to therein shall be in respect of the asset as a whole, whether owned by the assessee individually or jointly.]

3. Rule 3B

The percentage of the value of the asset as returned and the amount referred to in sub-clause (i) of clause (b) of sub-section (1) of section 16A shall, respectively, be $33\frac{1}{3}$ per cent and Rs. 50,000.

4. Rule 3C

The Valuation Officer or any overseer, surveyor or assessor authorised by him by order in writing in this behalf may enter any land referred to in clause (a), or any land, building or other place referred to in clause (b), of sub-section (1) of section 38A, or inspect any asset referred to in clause (c), of that sub-section, on any day, excluding Sundays and holidays under the Negotiable Instruments Act, 1881 (26 of 1881) at any time between 6 a.m. and 6p.m.]