

NEW OPPORTUNITY FOR REGISTERED VALUERS UNDER THE INCOME TAX ACT 1961

Introduction

Nowadays Registered Valuers are struggling to get Empanelment in Public sector/Private sector banks, financial institutions, and other Government and Private entities for retail Valuations. In this article, we will discuss the new opportunities open for Valuation professionals under Income Tax Act-1961.

Registration of Valuer under 34 AB -Wealth Tax Act -1957

Earlier The Wealth Tax Act, of 1957 was an Act that provided for the levying of wealth tax on an individual, Hindu Undivided Family or company. The application of the Act has been discontinued since 1 April 2016. Many banks and financial institutions are still giving more preference to Valuers registered under section 34AB and some of the leading banks have even made this compulsory for Valuer Empanelment.

Since this act is repealed, hence provisions and policies related to Valuer Empanelment for banks and financial institutions need to be relooked and revised as per prevailing Acts and Rules.

Income Tax Act-1961

The Income-tax Act, 1961 is the charging statute of Income Tax in India. It provides for levy, administration, collection and recovery of Income Tax. Section 132 of this Act defines the work-related Valuation during the course of the search or seizure. Previously only the authorised Valuation officer referred to in section 142A was entitled to estimate the fair market value of the property.

New Opportunity for Registered Valuer under Income-tax (Nineteenth Amendment) Rules, 2023.

In the Income Tax 19th amendment, 2023, an additional provision is added that during search or seizure, the department can take the service of a Registered Valuer who shall estimate the fair market value of the property if required.

This new provision was proposed in Finance Bill 2023 and is effective from 28th Aug 2023 & and known as **“Income Tax (Nineteenth Amendment) Rules, 2023”**.

This Amendment also defines the approval procedure of the Registered Valuer, reporting procedure and timeline for the report submission.

Following is the New Provision under (Section 132 -2 (9D))

“The authorised officer may, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorisations for the search was executed, refer to,

- (i) a Valuation Officer referred to in section 142A; or
- (ii) any other person or entity or any valuer registered by or under any law for the time being in force, as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, following the procedure, as may be prescribed, in this regard, who shall estimate the fair market value of the property in the manner as may be prescribed, and submit a report of the estimate to the authorised officer or the Assessing Officer, as the case may be, within a period of sixty days from the date of receipt of such reference.”

Procedure for Requisition of Services of Registered Valuer

The authorised officer under Rule 13, may raise the requisition for services of the Registered Valuer as referred to in subsection (2) or sub-section (9D) of section 132 and shall be approved by the Principal Chief Commissioner or the Chief Commissioner or Principal Director General or the Director General, as the case may be

Application Format

The application shall be submitted in Form No. 6C to the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or The Director General.

Fair Market Value of the Property

Rule No 13A (i) of the Income Tax Rule defines the method to determine the Fair Market Value of the property under sub-section (9D) of section 132.

Reporting Format

The report shall be submitted as per the format prescribed in FORM No. 6CA (Rule 13A).

Conclusion

With the above revision, it is very clear that during a search or seizure operation the authority may complete the Valuation of the immovable property, jewellery, archaeological collections, drawings, paintings, sculptures, any work of art, shares or securities referred to in rule 11UA or any other asset either by a Valuation officer (Internally) or may take services of **any Valuer registered by or under any law for the time being in force**, as may be approved by the competent authority.

Therefore this will be a great opportunity presented by the Govt for all Registered Valuers and at the same time Public sector Banks/Financial institutions and Private entities also need to consider Valuation requirements and revise their policies accordingly.