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GUIDELINES FOR VALUATION OF IMMOVABLE PROPERTIES

S.K. DHAWAN

M.Phil., M.Tech., (Structures) F.I.E., F.I.V.,

Chief Engineer (Valuation)

Incometax Department

Chennai

7.12.99

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FOREWORD

1. The Valuation Cell started working as an integral part of the Income-Tax Department since 1973. For a period of time, this cell has assisted the Income-Tax Department wherever valuation of real estate was referred to them. With spiralling real estate prices all over the country, substantial tax revenue could be generated for which services of the Valuation Officers are effectively utilised.

2. The Valuation Reports have to be prepared strictly in confirmation with the laws of the land and well laid out procedures. In this respect uniformity in application of the laws and established procedures also plays an important role. Therefore, every officer in the Valuation Cell has to know the laws connected with Valuation and the procedures to be adopted to have uniformity in the approach.

3. With a view to acquaint the Officers of the Valuation Cell with present laws and to have uniformity, Shri.S.K. Dhawan, Chief Engineer (Valuation) and his team of Officers have put in splendid efforts in preparing the guidelines for use in the Valuation Unit and brought out the same in a very easy readable manner. The guideline is quite informative for the Valuation Officers and also for the assessing officers. I have no doubt that this guideline will provide an excellent reference book to all those who are concerned with Valuation of immovable properties.

Chief Commissioner of Income-Tax-II

Chennai

Date: 28.9.99

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ANNEXURES

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INTRODUCTION

1. Income Tax including Capital Gain Tax, Wealth Tax and Gift Tax are the direct taxes levied by Government of India. Any person having a property has to prove its valuation under the provisions of those taxes whenever the property is built, purchased, sold, inherited or gifted.

2. Tax evasion is a phenomena prevalent everywhere in India and laws have been framed to avoid such practice. When it comes to real estate, it is much easier for the assessee to evade tax as there is no definite market for such property like the commodities available in the general market. The properties are undervalued to evade wealth tax, income tax, gift tax and capital gain tax. To prevent under valuation of land and building, valuation cell was created in 1968. The objective was to assist the assessing officers to ensure proper valuation of the properties for tax realisation. Initially it functioned as an advisory committee.

3. The Valuation Cell in the present form was set up in 1972. In taxation Law (Amendment) Act 1972 provisions for reference to Valuation Officer were made under sections 16A of WT Act, 55A of Income Tax Act and 15(6) of Gift Tax Act with effect from 1-1-73. Under these acts Valulation Officers were vested with statutory powers.

4. Valuation Cell had been quite effective in generating additional revenue. Further, its presence acts as a deterrent as would be evident from the PAC report of 90-91 ".........inpurely technical sense the Valuation Cell is not only cost effective, but also there intangible benefits such as the tax paying public know that their property values are susceptible to verification by the Cell."

5. The only mere fact for issuing guidelines for our Valuation Officers is with a view to adopt uniformity for the same. Such a guidelines had been prepared by Shri A. Chattopadhyaya, Chief Engineer (Valuation) (North), New Delhi during 1996, and circulated in the Northern Region. So far no such guidelines had been issued by the Southern Region. Besides within these 3 years since issue of guidelines by the Northern Region, many case laws have come up and there is need to upgrade the guidelines issued by Northern Region. This guidelines have therefore been prepared which will help the Valuation Officers to understand and appreciate the principles and methods of valuation including the techno-legal requirement involved in preparation of valuation reports.

6. Valuation is an art. Although the process is based on scientific method, some amount of intelligent guess work is essential in valuing the property. But such cases have to be based on sound principles and may not be arbitrary. An insight into the adoption of sound principles is possible only through techno-legal knowledge. These guidelines will help to a great extent in developing the skills of the Valuation Officers in discharging their duties.

7. As the value of a property is the present worth of future interest, the development potential of the property plays an important role in valuing the same. For this purpose knowledge of the local bylaws, controls development potentials are essential. Although there are a few books by Indian Authors on valuation of properties, they are mainly guided towards estimation of the fair market value on the development principles which existed about two decades ago.

Development of properties in some metropolitan cities had started some time back but it was not spread to smaller cities. It is now essential that the development potential in each city has to be estimated for valuation purposes. The guidelines are therefore essential for the purpose.

8. In most cases assessee goes for appeal whenever valuation leads to increased tax liabilities. Therefore the real worth of a valuation is evident only after the test of appeals. In appeals the assessee musters private valuers, engineers, lawyers, etc. for his defence. The Valuation Officer has first to establish that the valuation declared by the assessee is not correct. For this he has to thoroughly study the documents of the assessee, make thorough investigation and collect data. Then he has to establish the correctness and suitability of the methods of valuation adopted by him and correctness of the data relied upon by him. The valuation report should explain the reasons for which it is of different amount than the declared value so that the appellate authorities can appreciate. Investigation and collection of data are therefore very important. For this Valuation Officer has to freely interact with local people also.

9. The Valuation Officer has to convince the Appellate Authority who are not conversant in technical matters. This makes his work more challenging. Preparation of valuation report is only a part of the assignment. Conducting it through appeals unscathed is equally important.

10. The Valuation Cell depends upon the Assessing Officers for their work. Therefore an interaction with the Assessing Officers are very essential. Further the Assessing Officers are to be convinced about the reports prepared by the Valuation Cell. Towards this goal efforts have to be made by the Valuation Officer, for doing the valuation in an appropriate way. The information available on the records of the Assessing Officers will go a long way in preparing the correct Valuation. Thus the need for constant interaction with the Assessing Officers arise and the Valuation Officer's endeavour should be to keep in touch with the Assessing Officers.

11. This book is an outcome of discussion with a large number of Valuation Officers working in the Southern Region. A generous following from the guidelines prepared by the Northern Region has been made which is acknowledged here. Many Valuation Officers have contributed in the guidelines, notably among them being Shri P.G. Kavi, D.V.O., Shri M. Tangamuthu, D.V.O., Shri V.P. Kurup, V.O.

12. Shri T.G. Raveendran and Mrs. Mala Raghavan have prepared the document on the computer. The efforts of all the Officers and the stenographers are acknowledged with thanks. It is earnestly hoped that the Valuation Officers will make use of the guidelines in the best spirit and interest of the Government and it would be updated from time to time.

(S.K. DHAWAN)

CHIEF ENGINEER (VALUATION),

VALUATION CELL, INCOME TAX DEPARTMENT,

CHENNAI - 34.

अ.स.प.संख्या D.O. No...

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DIRECTOR GENERAL OF WORKS
केन्द्रीय लोक निर्माण विभाग
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NIRMAN BHAWAN
नई दिल्ली - ११००११ 24TH JUNE, 1999
New Delhi - 110011

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B.S. DUGGAL
Tele.No. 3018556

MESSAGE

I am happy to note that Shri S.K. Dhawan, Chief Engineer (Valuation), Chennai, along with his team of Officers has brought out the guidelines on valuation of immovable properties covering various legal and procedura aspects of valuation. The valuation officers have to perform techno-legal functions which are entirely different from the normal activity of CPWD. When the officers from CPWD jo n the Valuation Unit of C.B.D.T., they have to acquaint themselves with the procedure for valuation of properties. This compilation will go a long way in proper appreciation of the nuances of the rules and regulations relating to the valuation of fixed assets.

B.S. Duggal

(B.S. DUGGAL)

O.P. SRIVASTAVA
Member & Ex-officio
Addl. Secretary to the Govt. of India

Tel. : 3015831

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Central Board of Direct Taxes
Department of Revenue
Ministry of Finance
Government of India
New Delhi - 110001.

D.O.F. No............................. New Delhi, the 1999

July 14, 1999

MESSAGE

I am happy to note that Shri S.K. Dhawan, Chief Engineer (Valuation), Chennai, along with his team of officers has put in a lot of efforts to bring out this compendium on the subject of valuation of immovable properties. This compilation contains all the relevant material and updated guidelines on the subject of valuation covering its various legal and procedural aspects.

I am sure that this appreciable work of Mr. Dhawan will be of great use to the Valuation Officers as well as Income Tax authorities in estimating the value of immovable properties as required by the tax statutes.

(O.P.SRIVASTAVA)

केन्द्रीय लोक निर्माण विभाग,
पहली मंजिल, सी खंड,
राजाजी भवन, तीसरी अवेन्यू,
बसन्त नगर, चेन्नई - ६०० ०९०.
CENTRAL PUBLIC WORKS DEPARTMENT
First Floor 'G' Wing,
Rajaji Bhavan, 3rd Avenue,
Besant Nagar, Chennai - 600 090.

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भारत सरकार
GOVERNMENT OF INDIA

D.V.S. SARMA
अपर महानिदेशक (दक्षिण क्षेत्र)
Additional Director General
(Southern Region)
Tel. No. 4912369
Fax No. 4913691

Dated : 29.6.99

Valuation of immovable properties, though generally perceived to be more of an art, needs to be based on sound scientific and technical principles to successfully stand judicial scrutiny. Like many other disciplines, valuation is also a blend of science and art, the relative proportions of which could be situation specific. In other words, it is this inevitable presence of the element, of subjectivity in any valuation exercise that poses real challenge to the mettle and acumen of any Valuer.

CPWD's involvement with the function of valuation dates back to more than three decades when in the mid sixties CPWD was called upon to value the assets-land, buildings, plant & machinery - of certain sick organisation taken over by the Central Government at that time. For the last more than 25 years, CPWD officers as part of the Income Tax Department have been discharging the statutory functions of the Valuation Officer.

In the course of time, several valuation methods and techniques developed and adopted by the Valuation Officer, have met with varying degrees of success when subjected to judicial scrutiny. For long there has been a felt need to have at one place for ready reference, all the relevant material connected with valuation with particular reference to the subject as practised and applied in the Income Tax Department.

Shri S.K. Dhawan, Chief Engineer, valuation has brought out a comprehensive compilation of all the relevant material on the subject of valuation, spanning right from the relevant provisions in the Income Tax Act, the methods and procedures of valuation upto Review and Appeals. The chapters dealing with the methods and procedures of valuation are, as they should be, pretty exhaustive covering the total spectrum of the techniques in vogue. This book should serve as a reference manual not only to the departmental Valuation Officer but also the practising Valuers in the field and the Income Tax authorities. More importantly than anything else, it should help in bringing about a certain degree of uniformity and consistency in approach to the art of valuation, thereby hopefully improving the success rate of the departmental cases in Appeals.

Shri S.K. Dhawan deserves all appreciation for all the trouble and pains taken by him in preparing this Compendium.

I am sure this publication would prove extremely useful to one and all dealing with the subject of valuation.

I wish Shri S.K. Dhawan and the book, all success.

(D.V.S. SARMA)

CHAPTER - 1

ORGANISATION AND JURISDICTION OF VALUATION CELL

The Valuation Cell is headed by the Regional Valuation Officer of the rank of Commissioner of Income Tax. They are manned by Chief Engineer (Civil) of C.P.W.D. Southern Region has head-quarter at Chennai and Northern region at Delhi.

Functional units are headed by District Valuation Officer (DVO) of the rank of Additional/Joint Commissioners. They are manned by superintending Engineers (Civil) of CPWD. There are five DVOs in Southern Region and seven in Northern Region.

Valuation Officers (VO)of the rank of the Deputy Commissioners and Assistant Valuation Officers (AVO) of the rank of Income Tax Officers are manned by Executive Engineers and Assistant Engineers of CPWD (Civil) respectively.

Two Junior Engineers assist each DVO and each VO and one Junior Engineer assists each AVO.

The jurisdiction of areas of various DVOs, VOs and AVO are well defined. One VO (P&M) is attached to each CE for the Valuation of Plant and Machinaries for the entire region.

Jurisdiction & financial limits of Valuation Officers

Regional Valuation Officers exercise general supervision over the work of DVOs, VOs and AVOs.

DVOs, VOs and AVOs perform the functions of a Valuation Officer within their specific geographical jurisdiction and financial limits. Financial limits specified in Rule 3A of the Wealth Tax Act 1957 are as follows:

If the value of the asset declared by the assessee exceeds Rs. 50 lakhs or if the asset is not disclosed or the value of the asset is not declared or no return has been made and the value of the asset, in the opinion of the Assessing Officer, exceeds Rs. 50 lakhs, the function of the Valuation Officer shall be performed by DVO.

Similar limits for VO is exceeding Rs. 10 lakhs but not exceeding Rs. 50 lakhs and for AVO not exceeding Rs. 10 lakhs.

The DVO having jurisdiction in respect of the area may if he considers it necessary or expedient to do so for the purpose of proper and efficient management of the work of valuation, himself can perform such function in relation to any asset which is within the financial limits of VO.

Similarly VO can perform the function of AVO if the former considers it necessary or expedient so to do.

Cases, where assessed value exceeds more than 50% of the monetary jurisdiction in the case VO and 100% of monetary jurisdiction in the case of AVO, should be referred to the DVO and VO respectively for review before finalisation of the Valuation cases. The VO or DVO may take over such cases if he considers necessary to do so. District Valuation Officer should discuss the case at draft stage where the assessed cost does not exceed 15% of the declared cost with Regional Valuation Officer. Similarly, where the difference between assessed cost and declared cost is less than 15% of the declared cost in case of valuation done by AVO/VO, the case should be discussed with VO/DVO before finalisation.

APPROPRIATE AUTHORITY

Finance Act 1986 introduced chapter XXC titled "Purchase by Central Government of immovable properties in certain cases of transfer" in the Income Tax Act u/s 269U with effect from 1.10.86. This empowers Central Government to purchase a property which has already been offered for sale. The object is for inducing the transferor and transferee to declare the full amount of consideration in the agreement for transfer. The appropriate Authorities have been established in 7 cities namely Delhi, Mumbai, Calcutta, Chennai, Bangalore, Lucknow & Ahmedabad having jurisdiction in some nearby cities also. Some more cities like Coimbatore etc. have also been brought under this Act. The appropriate Authorities consisting of 2 members of the rank of Commissioners of Income Tax and one member of the rank of Chief Engineer, CPWD Civil Wing have been established in each of 7 cities. For some cities Valuation Officer work on behalf of the Appropriate Authorities. Transfer of any immovable property of value exceeding prescribed limit which is specified for each city is prohibited except after entering into agreement for transfer at least 4 months before the intended date of transfer. Such agreement should be reduced in writing in the prescribed form called form No.37-I which should be filed before the concerned appropriate authority within 15 days of the date of the agreement by the transferor.

The fair market value of the property is ascertained by the appropriate authority. In case it works out to be in excess of more than 15% of the apparent consideration then the Appropriate Authority, if it so decides, after issue of show cause notice and giving an opportunity of hearing to the parties, may pass an order of purchase of the property within a period of 3 full calendar months. After the order is passed the property shall vest in the Government with all existing encumbrances. If such order is not passed, within the prescribed time limit, then the parties can go ahead with the transfer on the basis of no objection certificate issued by the Appropriate Authority. The registrar is prohibited under this Act from registering any transaction without such a NOC from Appropriate Authority. Violation of the provisions of the Act is punishable by prosecution. Orders passed by the Appropriate Authorities are final and conclusive and unquestionable in any court of Law except by writ in the respective High Courts.

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CHAPTER - 2

PROVISIONS OF DIRECT TAX ACTS RELATING TO VALUATION CELLS

1. VO under WEALTH TAX ACT

S2(r) S12A — Valuation Officer is appointed by the Central Government under section 12A of the Wealth-tax Act, 1957. He may be a Regional Valuation Officer, District Valuation Officer, Valuation Officer or an Asst. Valuation Officer.

1.2 He is one of the 'authorities' mentioned in Chapter III of the Wealth-tax Act.

S46(e) — 1.3 The jurisdiction of the various Valuation Officer is notified by the CBDT in accordance with Rule 3A of the Wealth-tax Rules 1957.

S16A(1) — 1.4 The function of a Valuation Officer begins as soon as the Valuation of an asset is referred to him by the assessing Officer under section 16A(1) of the Act.

Valuation Order

Rule 20(2) of Sch. III — 1.5 Under Rule 20(2) of schedule III of the Wealth-tax Act, the value of an asset so referred for valuation to VO shall be estimated to be the price which, in the opinion of the VO, it would fetch if sold in the open market on valuation date.

S 16A(2) — 1.6 The VO may serve on the assessee, a notice requiring him to produce or cause to be produced on a date fixed, accounts, records or other documents that may be required.

S 16A (3) — 1.7. If the VO considers that the value of the asset declared by the assessee is correct, he has to pass an order in writing to that effect and send a copy of the order to the AO and to the assessee. Copy of Valuation report is to be sent only to senior officers of the Valuation Cell.

S 16A(4) & (5) S 34AA S44 — 1.8 If the VO considers that the Value declared is low, he should serve a notice on the assessee intimating the value which he proposes to estimate and give the assessee an opportunity to file his objections if any, in person or in writing on a date fixed, and produce evidence if any, in support of his objections. The assessee need not attend personally. He may be represented by a Registered Valuer or an authorised representative (the Authorised Representative is one who could represent the assessee u/s 288 of the Income Tax Act or under Rule 8 of the Wealth-tax Rules, 1957). After considering the assessee's objections, the evidence produced and all other relevant materials that the VO may have, he has to pass an order in writing, estimating the value of asset referred to him. A copy of his order has to be sent to the Assessing Officer and the assessee.

Continuity

S39 1.9 If a VO is succeeded by another VO, the latter may continue the proceeding from the stage at which they were left by his predecessor. However, the proceedings have to be wholly or partly reopened, if the assessee so desires.

Amending a Valuation

S 35(i)(aa) 35(3) &(5) 35(6A) 1.10 If there is any mistake apparent from the record, the VO may mend the order by passing another order in writing.

S35(4) 1.11 An amendment which has the effect of enhancing the valuation of the asset can be made only after due notice to the assessee.

S35(7) 1.12 An amending order rectifying a mistake cannot be passed after the expiry of four years from the date of the order which has to be amended.

In Appeal

S 23(4)(b) 1.13 The Commissioner (Appeal) is empowered to direct the VO to make any further enquiry regarding the valuation of an asset which is disputed in appeal before him. On receipt of any such directions from the Commissioner (Appeal) the VO has to carry them out.

S 23(3A)(a) 24 (5) 1.14 In cases where appeals are filed before the Commissioner (Appeal) or Appellate Tribunal against the valuation made by him, the VO has a right of representation before the Commissioners of Appeal or the Appellate Tribunal.

S 23(3A)(b) 24(5) 1.15 Even in cases where valuation has not been made by the VO, the AO may nominate him to appear before the Commissioner (A) or AT on behalf of the Department to represent matters regarding valuation of assets.

2. VO'S POWER UNDER WEALTH TAX ACT

2.1 In respect of the following matters, the VO has, for the purpose of the Wealth-tax act the same powers as a Court has under the Code of Civil Procedure, 1908 when trying a suit:

- Discovery and inspection;

S 37(1)

- Enforcing the attendance of any person (including any officer of a banking company) and examining him on oath;

- Compelling the production of books of account and other documents; and
- issuing commissions.

Discovery and Inspection

2.2 In a civil suite one party may ask the other to declare what are the documents in his possession which are relevant to the suit. The party is also entitled to inspect all such documents. Section 30 of the Civil Procedure Code contain relevant provisions regarding the powers of discovery and inspection. However, there is harldy any need to resort to the power of discovery and inspection in tax proceedings since the powers of enforcing the attendance of a person and compelling production of books of account and documents are generally found sufficient for tax purpose.

Enforcing Attendance

2.3 The powers of enforcing the attendance of any person and examining him on oath and compelling the production of books of account and other documents are widely used in tax proceedings. The VO also may have occasion to use these powers.

2.4 A Summon has to be served for personal attendance or production of books of accounts or documents. The Summons should bear the seal of the Officer issuing it.The books of account or documents required to be produced should be clearly specified.

2.5 If a person fails to comply with a Summon intentionally, a fine of Rs. 10000 or less can be levied on him. Besides levy of penalty, the following powers to enforce attendance and production of documents are available by virtue of section 32 of the Civil Procedure Code:-

- Issue of a Warrant for arrest of the person who has not responded to the Summons;
- Attachment and sale of his property;
- Ordering him to furnish security for his appearance and committing him to the civil prison in default.

If any occasion arises for taking drastic action against the asessee or other person u/s 37/(1) of the Wealth-tax Act, detailed instructions for the procedure to be adopted may be taken from the Standing Counsel to the Income Tax Department through the Commissionerof Income Tax.

2.6 It should be noted that only a person who is living within the jurisdictional area of the VO or who is living at a place less than 500 km from the Office (or camp office) could be summoned to appear in person.

2.7 The power of issuing commission could also be conveniently resorted to. Using this power, a valuation officer could authorise (in other words, issue commission to) any other VO to examine a person on oath and record his statement with or without interrogatories (i.e. a set of questions) sent by the former. If a person to be examined is living at a place 500 km or more away from the VO's office, a commission may be issued for his examinations to a VO whose office is near the person's residence. This power could also be used for convenience of a person whose statement has to be recorded.

2.8 The subject of issue of commissions is dealt within Section 75 of the Civil Code and in order XX in the First Schedule to the Code.

2.9 If a person who has been summoned to appear to give evidence or produce any books of account or documents, intentionally omits to attend or produce them, the VO is empowered to levy a fine of Rs. 10000/- or any lower amount. The fine can be imposed only if the VO is satisfied, after giving the person concerned an opportunity of being heard, and his failure to comply with the summons was intentional.

A copy of the order levying the fine should be sent to the Assessing Officer concerned so that he may take action for recovering the fine levied.

S 239(i) 2.10 The person on whom a fine is levied has a right to appeal to the CIT (Appeal) against the VO's order imposing the fine.

S 37(3) 2.11 The VO is empowered to retain in this custody, any books of account or other documents produced before him, for a maximum period of 15 days excluding holidays. If he wants to retain the books or documents for any longer period, he can do so after obtaining the approval of the Commissioner of Income Tax for such retention.

It is important to note that no books of account or other documents should be impounded without the VO recording his reasons for doing so.

Inspection

2.12 At any time between 6AM and 6PM on any working day (i.e. a day other than Sunday or a holiday under the Negotiable Instrument Act), a Valuation Officer or any Overseer, Surveyor or Assessor, authorised by him in this behalf by an order in writing, is empowered to:-

a) enter any land within the limits of the area assigned to the VO or

b) enter any land, building or other place belonging to or occupied by any person in connection with whole assessment a reference has been received by the VO under Section 16A of Wealth-tax Act, or

c) inspect any asset in respect of which a reference u/s 16A of WT Act has been received by the VO.

2.13 The VO or any of his assistants aforesaid is empowered to require the person in charge of, or in occupation or possession of such land, building or other place or asset to afford him the necessary facility to survey or inspect such land, building or other place or asset for estimate its value.

2.14 He is also empowered to require any such person mentioned above to afford him necessary facility to inspect any books of account, document or record which may be relevant or the valuation of such land, building or other place or asset and gather particulars relating to such land, building or other place or asset.

S 38A(1) 2.15 In cases falling under (b) & (c) of paragraph 2.12, the person in charge of or in occupation or possession of the building, place or asset should be given at least two days' notice in writing of the intention of the VO to enter the land building or other place or inspect the asset.

S 38A(1) 2.16 Even without such notice, the Power could be exercised, if the person in charge of or in occupation or possession of such building, place or asset gives his consent.

S 38A(2) 2.17 If the person mentioned above, who has to afford necessary facility to the Valuation Officer either refuses or evades to afford such facilities, the VO gets all the powers specified in sub section (1)and (2) of Section 37 of Wealth-tax Act for enforcing compliance of the requirements made by the VO.

2.18 It will be seen that the power specified u/s 37(2) is the power of levying a fine of an amount of Rs. 10000 or less.

3. VO Under the Income Tax Act

S 55A 3.1 Under section 55A of the Income Tax Act, the Assessing Officer may refer the valuation of a capital asset to a VO. The VO has to ascertain the fair market value of the capital asset as on a given date.

S 2(22B) 3.2 'Fair Market Value' means 'the price that the capital asset would ordinarily fetch on sale in the open market on the relevant date'.

S 55A 3.3 While under the Wealth-tax act the V.O. is a wealth tax authority, under the Income Tax Act the VO is not specified to be an Income Tax Authority. However, the functions of the Valuation Officer, for the purpose of a reference made to him under Section 55A of the Income Tax Act, are the same as those under the Wealth- tax Act. The powers of the VO are also substantially the same as under the Wealth-tax Act. It has to be noted that Section 38A of the Wealth-tax Act has not been expressly made applicable to a reference made to the Valuation Officer u/s 55A of the Income Tax Act (vide para 2) after 55A (b) ii.

CHAPTER - 3

FUNCTIONS OF VALUATION CELL

Income Tax Cases regarding investment in land and buildings or Wealth tax, Gift tax, Capital gain tax etc. regarding fair market value of land and building are referred by Assessing Officers to the Valuation Officer for expert valuation under the relevant acts.

On receipt of reference its content is checked for complete references and the case is entered in the case Register as per Annexure-1. If the reference is incomplete, call for the information from the assessing officer to clarify the issues involved in the incomplete reference.

Pro forma for disposal register is given in Annexure-2.

After getting relevant information notice is served to the Assessee for submission of relevant documents/ information before a specified date. The Assessee on receipt of the notice either submits all or some of the documents on the appointed date or asks for some more time. In case of partial submission, balance documents is asked for. Request for more time should be considered sympathetically and reasonable extension of date for submission be given keeping in view that non statutory cases are to be disposed of within 90 days and statutory case in 120 days.

After receipt of relevant documents and its scrutiny date of inspection is decided preferably in consultation with the Assessee and notice is issued to the assessee. Detailed recording of measurements and specifications are carried out during inspection.

Thereafter Valuation is carried out in most appropriate method keeping in view the nature of reference, status of the property, submissions made and documents provided by the assessee including his objections if any.

In case of advisory reference of investment in land and building under I.T. Act 1961 the Valuation report is sent to the assessing officer. He seeks objections/comments of the assessee and those are normally passed on to the Valuation Officers for consideration. The Valuation Officer sends his comments on the objection of the assessee to the Assessing Officer. Thereafter the assessing officer finalises the assessment.

In case of statutory references of Gift Tax, Wealth Tax and Capital Gains the preliminary Valuation is sent by the Valuation Officer to the assessee inviting his written or oral objections. Final order is passed under the appropriate section considering the information supplied by the assessee and his objections and the information gathered by the Valuation Officers.

The final valuation report should be prepared on the prescribed proforma and all the supporting statements should be annexed. The report should be sent to assessing officer well in time to enable him to make tax assessment.

The Valuation Officer may be of a great help in the tax recovery proceedings which may be taken up by the Income Tax Officer and the Tax Recovery Officer. The Tax Recovery under the Income Tax Act 1961 is to be effected by the Tax Recovery Officer functioning under Second Schedule, to the Income Tax Act 1961. Presently all the taxes due under the Wealth-tax and Gift-tax are also recovered through recovery proceedings under the Second Schedule of the Income Tax Act 1961.

Sometimes it is seen that the assessees offer some of their properties as security for the tax for payment of which extension of time is sought for. Where a property is thus offered as a security, it would be necessary for the Tax Recovery Officer to find its adequacy as a security. That can only be known if he can determine its fair market value correctly. In this regard the Tax Recovery Officer may seek the assistance of the Valuation Officer.

TRO may also take proceedings for destraint of movable property within the powers given to him under Third Schedule. Destraint of movable property is essentially attachment of movable property by seizure and the Tax Recovery Officer can sell the property so destrained. The attachment and sale of the property proceeds in the same manner as is provided in Second Schedule. So much of the destrained property as seems likely to fetch an amount proportionate to the tax in arrears can alone be sold. For this purpose the Tax Recovery Officer may seek the assistance of the Valuation Officer to determine what portion of the destrained property should be sold.

According to rule, the attachment cannot be excessive which means that the Tax Recovery Officer can only direct the sale of that much of the property as necessary to satisfy the amount shown in the certificate. This decision has necessarily to be made by the Recovery Officer before he authorises the sale of the property. There will be several instances where it may not be possible for the Tax Recovery Officer to determine the value of the movable property attached. In this context he may seek the assistance of the Valuation Officer to determine what price the property would fetch if sold and there upon decide what portion of the property to be sold.

Under rule 52 of the Second Schedule, the Tax Recovery Officer is required to sell whole or part of the attached immovable property as may seem necessary to satisfy the certificate. Therefore, before the sale is actually authorised the Tax Recovery Officer has to consider whether he should sell the entire property or only a part of it. Here again for this purpose he has to determine the price the property would fetch if sold. For determining this he can seek the help of the Valuation Officer.

It is within the competence of the Tax Recovery Officer to fix a reserve price in respect of any property attached (except agricultural produce) whether movable or immovable. This is under I.T.C.P. Rule 18. He has to indicate in the content of proclaim also. The object of the fixation of reserve price is that if the bid is below the reserve price, the property shall not be sold (Rule 56). For this the reserve price has to be generally fixed in consultation with the Assessing Officer and it requires to be very carefully done. In fixing the reserve price the Tax Recovery Officer has to necessarily bear in mind the market value of the property and also the arrears of tax to be recovered. Though the reserve price may be much lower than the market value, yet it has some bearing to it. Therefore he must ask for the help of the Valuation Officers who will determine the fair market value of the property.

Rule 66 empowers the Tax Recovery Officer to postpone a sale already ordered so that the defaulter can raise the amount necessary for paying of arrears by a mortgage, lease or a private sale. The Tax Recovery Officer can postpone the sale for a specified period and on such terms as he may deem fit. He may, for instance, ask for furnishing of adequate security. He may also impose the condition that the property should not be sold for a price less than a fixed amount, which is to ensure against any fraud on the revenue. In accepting any property as security, or in fixing the sale price of the property released, the Tax Recovery Officer must necessarily determine the value of such property. In this regard also he can avail of the expert advice of the Valuation Officer.

Role of Valuation Officer in Aiding investigation

Valuation Officer can render help in proving concealed income in so far as it has been channalised in constructing/ acquiring house property and in land transactions. Where the investigating officer suspects that concealed income is channelised in house property or land, the Valuation Officer can render a good deal of help. The Valuation Officer has special knowledge of various technical aspects of construction and is in a position to judge properly the quality of construction and on that basis arrive at accurate estimates of cost of construction or the fair market value. The Valuation Officers are also in a position to analyse the cases stated as comparable by the assessee and to see whether in fact they are comparable.

Since the question of the financial year in which an investment was made is important, the Valuation Officer should also record in the report, the period when the investment must have been made. Sections 69, 69B of the Income Tax Act, provide for taxing the unexplained difference.

Since transactions in immovable property form a substantial proportion of concealed income transactions, the Valuation Officer can help the Department to a large extent in making a dent into this propblem. Where the Valuation Officer is able to show that not only the assessee's version is false, but that there are incontravertible materials to show that the cost/fair market value was definitely higher than declared, there would be a case for imposing penalty or launching prosecution and obtaining conviction. The Valuation Officer can thus make a positive contribution to investigation in any case where concealed income is channelised into immovable property transactions.

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CHAPTER - 4

DEFINITIONS

Assessee: Assessee means a person by whom Wealth-Tax or any other sum of money is payable under Wealth Tax Act, and includes;

i) every person in respect of whom any proceeding under WT Act has been taken for the determination of Wealth Tax payable by him or by any other person or the amount of refund due to him or such other person;

ii) every person who is deemed to be an assessee under WT Act;

iii) every person who is deemed to be an assessee in default under WT Act;

Assets: Asset includes property of every description, movable or immovable, but does not include;

1) in relation to the assessment year commencing on the 1st day of April, 1969, or any earlier assessment year.

i) Agricultural land and growing crops, grass or standing trees on such land;

ii) any building owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land;

Provided that the building is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of rent or revenue by reason of his connection with the land requires as a dwelling house or a store-house or an out-house.

iii) animals;

iv) a right to any annuity in any case where the terms and conditions relating thereto preclude the commutation of any portion thereof into a lump sum grant;

v) any interest in property where the interest is available to an assessee for a period not exceeding six years from the date the interest vests in the assessee;

2) in relation to the assessment year commencing on the 1st day of April, 1970 or any subsequent assessment year (but before the first day of April, 1993).

i) animals;

ii) any interest in property where the interest is available to an assessee for a period not exceeding six years from the date the interest vests in the assessee:

(Provided that in relation to the assessment year commencing on the 1st day of April, 1981, (and the assessment year commencing on the 1st day of April, 1982) this sub-clause shall have effect subject to the modification that for item (i) thereof, the following item shall be substituted, namely :-

i) a) agricultural land other than land comprised in any tea, coffee, rubber or cardamom plantation;

b) any building owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land other than land comprised in any tea, coffee, rubber or cardamom plantation;

Provided that the building is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of the rent or revenue by reason of his connection with the land requires as a dwelling-house or store-house or an out-house.

c) animals;

(Provided further that in the relation to the assessment year commencing on the 1st day of April, 1983 or any subsequent assessment year, this sub-clause shall have effect subject to the modification that for item (i) thereof, the following item shall be substituted namely:-

i) a) agricultural land and growing crops (including fruits on trees), grass or standing trees on such land;

b) one building or one group of buildings owned or occupied by a cultivator or, or receiver of rent or revenue out of, agricultural land;

c) animals;

(Provided also that) in relation to the State of Jammu and Kashmir, this sub-clause shall have effect subject to the modification that for the assets specified in [item (i)] of this sub-clause, the assets specified in [items (i) to (iii)] of sub-clause (1) shall be substituted and the other provisions of this Act shall be construed accordingly;]

"assets", in relation to the assessment year commencing on the 1st day of April, 1993, or any subsequent assessment year, means-

i) any guest house and any residential house [including a farm house situated within twenty-five kilometres from the local limits of any municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee or by any other name)or a cantonment board] but does not include-

1) a house meant exclusively for residential purposes and which is allotted by a company to an employee or an officer or a director who is in whole-time employment, having a gross annual salary of less than five lakh rupees;

2) any house for residential or commercial purpose which forms part of stock-in trade;

3) any house which the assessee may occupy for the purposes of any business or profession carried on by him;

4) any residential property that has been let-out for a minimum period of three hundred days in the previous year;

5) any property in the nature of commercial establishments or complexes.

ii) motor cars (other than those used by the assessee in the business or running them on hire or as stock-in-trade);

iii) jeweliery, bullion and furniture utensils or any other article made wholly or partly gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals;

iv) yachts, boats and aircrafts (other than those used by the assessee for commercial purposes);

v) urban land;

vi) cash in hand, in excess of fifty thousand rupees, for individuals and Hindu undivided families and in the case of other persons any amount not recorded in the books of account.

Valuation date: Valuation date in relation to any year for which an assessment is to be made under WT Act, means the last day of the previous year as defined in [section 3] of the Income Tax Act, if an assessment were to be made under that Act for that year:

[Provided that-

i) in the case of a person who is not an assessee within the meaning of the Income Tax Act, the valuation date for the purposes of this Act shall be the 31st day of March immediately preceding the assessment year;

ii) where an assessment is made in pursuance of section 19A, the valuation date shall be the same valuation date as would have been adopted in respect of the net wealth of the deceased if he were alive;]

PROPERTY:

It means any interest in property; movable or immovable. Immovable means any land, building or part of a building together with machinery, plant and other permanent fixtures.

LAND APPURTENANT TO BUILDING:

Where there are building regulations, the land allowed under such regulations for the enjoyment of the existing building shall be the appurtenant land.

Where there are no building regulations, the land appurtenant to the building shall not exceed 2.5 times the built up areas at ground floor (assuming) 40% ground coverage.

FREE-HOLD LAND:

A parcel of Land is said to be free-hold when the owner has absolute right of enjoyment, possessing and ownership over it and it is free from any kind of encumbrance as to the transfer of title /occupancy/ use.

LEASE HOLD LAND:

A parcel of land is said to be lease-hold when the right of enjoyment and possession is vested in a person other than the owner for a definite period of time in consideration for a fixed sum of rent known as lease (ground) rent. The owner of the land is known as "Lessor" and the person holding the lease title is known as 'Lessee'. Apart from the period of lease and the rate of lease rent, the lease agreement may stipulate other restrictive covenants such as use of land, sharing of unearned profit, conversion of title into free hold, renewal of lease, resumption of lease and right to Sale transfer of land. Long term leases having term of 99 years and above are considered leases in perpetuity.

ECONOMIC LIFE OF BUILDING

Economic life of building means its life expectancy with normal repairs and maintenance. Economic life of structure depends on the type of construction, the quality of construction materials, climatic conditions, use of structure and the level of maintenance and upkeep. The expected economic life of different types of structures with normal maintenance as given Annexure-IV of CBDT instruction No. 1671, shall be followed.

DEPRECIATION:

Depreciation means decline in the value of structure/ asset due to its normal wear and tear on account of the use and age.

FAR/FSI :

Floor area ratio/Floor space Index is the ratio of the total area of all floors of building including area of walls as well as area of mezzanine floors but excluding staircase, passages, elevators and other service areas as permitted by local building bye-laws, to the area of plot.

GROUND RENT:

When land only is given on lease for construction of buildings or any other use by the lessee, the periodic payment by the lessee under the covenants of the lease is called "ground rent". The ground rent is of two kinds: Secured ground rent, Unsecured ground rent.

1) Secured ground rent: if under the lease agreement the lessee is required to construct building on the plot, the ground rent is said to be secured one.

2) Unsecured ground rent: When under the lease agreement the plot remains open without any construction of building, the ground rent that is said to be an unsecured one.

STANDARD RENT:

Rent which can be lawfully charged from a tenant under relevant rent control act is known as standard rent.

CONCESSIONAL RENT:

When the property is let out at rent lesser than the prevailing market rent, the rent is known as Concessional Rent.

ANNUAL GROSS RENT:

It is the total amount of the rent received from a property during the year.

ANNUAL NET RENT:

It is the net amount of the rent deducting the outgoings from the annual gross rent.

OUT-GOINGS:

The amount of taxes levied by local authority/ State Government and other recurring expenses in respect of a house property such as repairs & maintenance, collection charges, insurance, ground rent, service charges etc. is known as "outgoings".

SERVICE CHARGES:

It is the expenditure incurred by the owner for maintenance of common services like watch and ward operation of lifts and illumination of the common spaces, fire fighting arrangement, for proper enjoyment of the properties by the users.

ANNUAL SINKING FUND:

Sinking fund is the notional fixed sum of money allocated annually at the prevailing rate of interest to create the necessary capital for the replacement of an asset after the economic life span of the asset is over.

YEAR'S PURCHASE:

The multiplier of the net rent or net return to obtain capital value on material date of valuation is termed as year's purchase. This multiplier depends upon the rate of return expected from the capital investment in the property.

RATE OF CAPITALIZATION:

It is the rate of return which a prudent investor would expect from a particular kind of investment in an asset or immovable property.

VALUE AND COST:

The cost of an asset represents the actual amount spent in the construction or purchase of the asset while the value is defined as the present worth of future rights in the property and depends to a great extent on demand and supply. The cost relates to the past while the value relates to the future. With the inflationary trend in land values and construction costs, it is inconceivable that the historic cost could ever represent the value of a property on a specific date. In simple words the term value means the amount of money for which the asset will exchange in the market.

MARKET VALUE AND FAIR MARKET VALUE:

"Market Value" is the price that a willing purchaser would pay to a willing seller for a property, having due regard to its existing conditions, with all its existing advantages and its potential possibilities when laid out in its most advantageous manner.

"Fair Market Value" is the estimated price which any asset in the opinion of VO would fetch, if sold in the open market on the valuation date.

The terms "Market Value" and "Fair Market Value" are synonym except the word "Fair" introduces an element of a hypothetical market. The expression "if sold" does not contemplate actual sale or actual state of market. The expression open market does not contemplate a purely hypothetical market exempt from restriction imposed by law. The fair market value excludes sentimental value the seller or to the buyer and also the expenses incurred on advertisement, brokerage, stamp duty, commission etc. for affecting the sale transaction.

POTENTIAL VALUE:

This is the inherent value in the property which is realised when the property is developed in its most advantageous manner. For example, land on outskirts of a town possesses building potential. Similarly, an under-developed property possesses value which can be realised by fully developing the property.

SALVAGE VALUE:

This term is mainly used in case of plant and machinery. It is the value of an asset realised on sale after it has outlived its useful span of life but has not yet become useless. In other words, it is the amount realised,over and above the cost of its removal.

SCRAP VALUE / RESIDUAL VALUE:

It is the value which is realised when the property becomes absolutely useless except for sale as junk. In other words, this is the value of old materials less cost of demolition. It is also known as residual value. This value depends upon type of structure and quantities of useful materials which can be obtained on its demolition.

REVERSIONARY VALUE OF LAND:

The valuation on yield basis (except for yield in perpetuity) has got two main components, namely (a) Capitalised value of present rights to receive future income. (b) Present worth of sale proceeds of an open plot at the expiry of a specified period. Price paid for a property purchases not only the present rights to receive future income but also purchases the reversion to free land. The capitalised value of net annual income in case of a rented out property will be for a estimated future life of the building and thereafter the owner will have the open plot of land without structure standing there on. This is known as Reversion to land. Reversion means right to repossess the property at the end of term granted to the tenant or the lessee or it can be said that the property comes back to the person who granted it to someone after the specified term of grant is over.

Reversionary value of land should be considered in valuation of a property, where the remaining life period of the structure is fifteen years or less.

CHAPTER - 5

METHODS OF VALUATION

Valuation should be realistic depending on the nature of property, its use, potential and all other characteristics.

A valuer of land and building needs the knowledge of

- ❑ Purpose, time and place of valuation.
- ❑ Laws relating to valuation.
- ❑ Building industry including method of construction, structural arrangements, specifications, type of foundations, finishing and services provided etc.
- ❑ Plant and machinaries installed.

The following methods are usually followed:

A) For determination of cost of construction of a building.

- ⌘ Accounts method.
- ⌘ Plinth Area Rate and Cost Index method.
- ⌘ Detailed or item wise method.
- ⌘ Material and labour contract method.

B) For determination of Fair Market value of the property.

- ☞ Comparable sale method.
- ☞ Land and building method.
- ☞ Rent capitalisation method.
- ☞ Development method.
- ☞ Combination of more than one method for partly owner occupied and partly tenanted property.

COST OF CONSTRUCTION

Accounts Method:

If the assessee has maintained proper books of accounts wherein all details are correctly mentioned duly supported by authentic vouchers and no defects are pointed out and the books are not rejected then the figures shown therein have to be followed for determining the cost. If the assessee has produced less vouchers for some of the materials, the same is estimated and added at the market rates. Similarly, the quantum of labour payment is assessed and if the assessee has maintained proper account, the total cost is worked out on the basis of details produced by him.

Plinth Area Rates and Cost Index method:-

This is a commonly used method for determining the cost of a building by comparing with the known cost of a building. The cost of a building inter alia depends on the major factors- (i) the area and specification of the building, (ii) the cost of materials and labour.

The known cost of a completed building (Standard building) is divided by its plinth area to arrive at the Plinth Area Rate (PAR). For determining the basic cost of a similar building its plinth area is multiplied by the PAR. The extra cost involved in providing richer specifications compared to the standard building, whose plinth area rate was determined, is added to the basic cost to arrive at the completion cost. These are usually termed as extra items. For instance, if PAR was determined for a building with a cement concrete flooring then for determining the cost of a building with marble flooring, the additional cost involved in flooring is to be added. There are instances where the additional cost due to richer specifications is more than the basic cost arrived by multiplying the plinth area by the PAR.

The plinth area rates with reference to base 100 as on 1-1-92 for the type of structure/specification, amenities and rules for working out plinth area are given in Annexure-3.

The plinth area rates as on 1-6-86 based on DSR 1985 for Food Grain Godown for the type of structure, foundation and specification are given in Annexure-4. These may be adopted for valuation of industrial sheds with suitable adjustments for variations in the construction items/ specifications. The pro forma for calculation of cost index for food grain godowns is given in Annexure 4A.

The plinth area rates, the unit rates for additional items & for richer specifications and the percentage for services as fixed by DG(W) CPWD are based on detailed analysis of large number of completed works, and should not be suo moto reduced or altered in normal situation, without detailed justification.

The ratio of the cost of different labour and building materials like brick, sand, aggregate reinforcement etc. to the total cost is known as the weightage. Thus to arrive at the cost of construction of a building at a place, at a particular time it is essential to know the prevailing cost of materials and labour at that time and their weightages and compare it with the rates of materials and labour adopted in determining the standard plinth area rates.

Guidelines for calculation of Building Cost Index with base 100 as on 1-1-92 are given in Annexure-5.

Further, the above Cost Index so worked out can be checked by adopting the rate of purchase of materials by assessee, after checking their correctness and market rates of labour which should not be less than the minimum fair wages fixed by government.

Savings if any claimed by the assessee in labour rates can be assessed and considered in arriving at the cost of construction.

Every DVO should indentify the places where CI is likely to be required with in his jurisdiction and keep a record of the Cost Index as on 1st June of all such places.

The C.I. at a time should be calculated by interpolation of the previous and subsequent Cost Indexes. Otherwise C.I. should be determined by extrapolation of the immediately preceding two cost indices, but should not be executed beyond two years from the last approved Cost Index. VOs and AVOs should get approval of DVO before adopting cost indices not approved by CPWD for uniformity.

Extra item:

Mainly the items of flooring, ceiling, internal and external finishing of walls, doors, windows,cupboards, costly sanitary & water supply fittings and electrical installation etc. are to be accounted for in the cost adjustment. One method is to analyse each item by considering the amount of different materials, labour and T & P involved and considering their prevalent market rates. Other method is to account for the cost for the materials involved and the finished rate of labour.

Detailed or item wise method:

In this method the quantities of all items of work are separately calculated. Thereafter their rates are determined and the cost is arrived at.

This method is applicable only when the detailed construction drawings or completion drawings are available and able to check the structural details submitted by the assessee and find them to be in order with requirements. Standard schedule of rates for the relevant period if available are to be followed after checking the veracity of the rates. For non-schedule items either method of determining extra items as described in previous chapter be followed.

Wherever possible with availability of working drawings and other details item wise method may be given preference over other methods subject to above conditions. Updated local PWD Schedule of rates after checking the veracity of the rates can be followed equally like the CPWD Schedule of rates where specification & mode of measurement of the schedule matches with the item of work.

Materials and labour contract method:

In this method the owner arranges for materials partly or fully. Work is executed by labour contract which may include supply of material not supplid by the owner. Labour contract may include execution of all items of work or separate contracts be given for main structure, water supply, sanitary, electrical wiring, electrical fitting, flooring, wood work, steel work etc.

For adopting this method valuation officer should find out the cost of all required materials provided by the assessee and the amount of work done by the labour contract. If contractor has provided any material then its cost should be accounted for. Copies of the labour contract should be obtained. The standard parameters like builder's effort, consultancy charges, supervision charges etc. may be considered.

FAIR MARKET VALUE

Comparable Sale method:

FOR BUILT UP PROPERTIES (FLATS/SHOPS/OFFICE) IN APARTMENTS AND M.S. BUILDINGS:

The comparable sale method for valuation of properties like Flat/Shops/Offices in Apartments/ Multistoried buildings can be adopted. The sale instances should be noted and tabled in the same manner as that of plots.

SALE INSTANCES FOR BUILT UP PROPERTIES:

S.No.	Description of property	Built up Area in Sqm.	Date of Sale/ Transfer	Area of the plot	FSI/FAR of the plot	Land appurtenant to flat	Apparent consideration	Name of Seller/ and purchaser	Reg. No. and authority
1	2	3	4	5	6	7	8	9	10

For making the rates of built-up properties most comparable with the property under consideration the following factors should be adjusted.

- Location
- Situation
- Area
- Floor Disposition
- Specifications
- Facilities/Services
- Time-gap
- Status (Lease hold or Freehold)

Suitable and proper adjustment should be made to make the rate for built up properties fully comparable with the property.

Floor Disposition:

Fair Market Value of Residential flat/ Commercial premises should be determined by giving weightage for floor disposition in multi storey building as follows in general.

1.	Basement	
	(a) Used for storage purpose	0.50 A
	(b) Used otherwise	0.75 A to 0.90- A
2.	Ground floor/Ist & Mezanine floors	A
3.	2nd to 5th floor	0.95 A
4.	6th to 9th floor	0.90 A
5.	9th floor and above	0.85 A

A is the average unit cost of a flat/ Commercial premises.

Floor disposition factor for each place be considered after checking the local practice.

Land and building method:

As the name indicates, in this method the value of land is added to the value of structure to arrive at the fair market value of the property. The method is generally adopted in the following situations:-

★ In the case of self occupied property.

★ In the case of property partly self occupied (i.e. more than 60%) and balance tenanted.

★ In the case where it is not possible to obtain fair and maintainable rent.

★ In case where there is no direct evidence of rent such as schools and hospitals etc.

★ In the case where the property is not fully developed, or the return from the property is not commercial.

Land value :

The land value is to be determined by comparable sale instance which are to be identified and then factors of adjustment/influence are to be applied. Sale instance register should be maintained in DVO/VO's office as per Annexure-6.

Identification of comparable Sales:

It should be genuine and should not be forced, and fancy, sale: Auction sale instances or the sales cleared by the Appropriate Authorities should be given preference.

It should be proximate from situation angle. The order of preference should be given to:

— Sale of the adjacent land.

— Sale of the land in the same locality.

— Sale of the land in the neighbourhood or adjoining localities.

It should be proximate from time angle. Sale instances nearer to the Valuation date should be preferred and in no case sale instances older than 2 to 3 years should be adopted unless there is a justification for it.

The sale instances of the dates after the date of valuation can also be considered, provided there is no sharp and speculative rise in the prices after the valuation date. In this situation also the proximity of time should be preferred.

The sale instances of the period prior to and after the valuation date can also be considered together if they are proximate in time. In such a case the rise/fall in price with the passage of time can be ascertained very accurately.

The number of sale instances should preferably be three or more. After discussing the pros and cons of each comparable sale in respect of physical, legal, economical and functional with subject property a fair and reasonable rate be adopted.

Factors of Adjustment:

Two properties cannot be identical. They may not possess similar advantage & disadvantage. All such factors of adjustment/influence affecting land rates are to be considered. The main factors are:-

★ **Location & Situation :** The lands rate increases with the degree of development and the situation of the property like in commerical or residential zones, nearness to roads, proximity to civic amenities, transport facilities, corner plots etc. As there is no fixed percentage for these factors so the (+) or (-) percentage is to be decided judiciously. An allowance to the extent of +/ -15% may be made on this account. For corner plots an additional adjustment upto 5% may be made depending upon the width of return frontage.

★ **Time-gap:** Generally the price of land increases with passage of time. To ascertain the price rise more accurately sale instances of the dates prior to and after the date of valuation should be selected and should be brought at par with property under valuation by applying all other factors of adjustment except for time gap. The difference in rate so arrived divided by the time gap will give the rate of price increase around the valuation date. Addition of this price rise to the rate of past sale will give the land rate on valuation date. If no such sale instances are available then the price rise should be considered keeping in tune with the rate of inflation.

★ Shape: A plot of rectangular shape fetches more value than the plot of irregular shape. An adjustment factor +-5% can be applied depending upon the irregularity in shape and frontage of the plot that affect the layout of the building and general architectural planning.

★ Size: In general large plots fetch less unit price due to less number of buyers. Though there is no fixed percentage for this factor, however due to availability of less number of buyers for large size plots +/-5% can be considered reasonable. In places where developers are active and there is demand for flats, large plots fetch higher value than smaller plots. This point also should be kept in view while deciding reduction/increase due to large size of plots. Sometimes it is not possible to have sale instances of larger size of plots and the sale instances available are of very small size developed plot. In such a situation the price of small developed plot can not be directly applied.

★ The value of large tracts of land can be determined from the sale instance of the small plot provided the large tract of land is ripe for use for building purposes, that the building plots that could be laid out on the land would be good selling propositions and that the valuation on the basis of hypothetical layout with justification be adopted. In such a case necessary deduction for the cost of land required for the formation of roads, drains, sewer water supply and electricity lines and the interest on outlays for a period of deferment of realisation of the price, the profits on the venture etc. are to be made. The total cost of such deductions vary from 25% to 50% and should be determined judiciously. For this purpose Development method given in this chapter may be resorted to.

Consideration should be given to local bye-laws. Where multi storeyed building is admissible on a plot say having minimum 1500 sqm. area, it may be more valuable than smaller size plot due to higher FSI/FAR permissible.

★ FAR: The market value of plot increases with the increase in the Floor Area Ratio (FAR) or Floor Space Index (FSI). But this increase is not proportional Effort should be made to adopt sale instances of the same FAR/FSI or the sale instances of the FAR/FSI next above/ below to the FAR of the plot under valuation. In case, if sale instances of same or next above/below FAR are not available the adjustment in rates for FAR/FSI should be made as under if there are no other evidences

FAR/FSI		Rate
Additional	0.5	40% of basic rate.
Next	0.5	35%
Next	0.5	30%
Next	0.5	25%
Next	1.5	45%

For figures of FAR/FSI in between, the variation in rates may be interpolated.

★ Side Open: The plots having more sides open, fetch more rates. An adjustment of +5% for each additional open side or vice-versa is consdidered reasonable.

★ **Co-ownership, undivided share, rights & Interest:** The undivided share, rights & interest are less attractive to the prudent byers on account of absence of absolute ownership, limited control, expenses of partition suits, meeting of minds on a number of problems connected with maintenance, management and development. As such a discount of 5% to 12.5% depending upon the number of co-owners and their relationship can be given.

★ **Land Tenure:** The leasehold land fetches less price as compared to free hold land due to the number of restrictions imposed in lease deed. An adjustment factor +/-25% is to be applied for working out the land rate of free hold plot from the sale instance of lease hold plot and vice-versa.

★ **Encumbrance:** Land which is encumbered by unauthorised occupation/encroachment will have depressed value on account of litigation for eviction. Land value for the portion encumbered maybe deferred for reasonable period to allow for depressing effect to the extent of 30%. The bonafides of unauthorised occupation /encroachment should, however, be checked by Valuation Officer before allowing this adjustment.

★ **Unearned increase:** If the property under valuation happens to be a lease hold plot then a certain percentage, as specified in the lease deed for unearned increase (current market rate less premium paid) is also to be deducted from the land value. In such cases, however, it should be ensured that if the sale instance considered is also lease hold, then it should be first converted into free hold by applying an adjustment factor of (+) 25%, in addition to other factors of adjustment.

★ **Impact of Statutory Restrictions:** The main aim of statutory restrictions is to restrict the right of the landlords to enjoy their properties and equitable distribution of land at nominal rates for mass scale housing for urban poor. One of such legislation is Urban Land (Ceiling & Regulation) Act 1976 which came into existence on 17.2.76. Before proceedings to evaluate the lands attracting provision of ULC Act 1976, Valuation Officer should call for the statement filed u/s 6(1) and also the draft statement issued by the competent authority u/s 8(3) of the Act. Wherever assessee has filed objection against draft statement issued u/s 8(3) or the final statement has been issued under section (9) the same maybe considered on merit. The properties falling within the purview of UL (C&R) Act, 1976, normally fall in one of the following categories;

i. Cases where almost no acquisition proceedings have been initiated by the Govt.

ii. Cases where acquisition proceedings have been initiated but it is not clear whether Govt. is definitely likely to acquire the property even after lapse of several years beyond 1976.

iii. Cases where the assessee had applied for exemption under section 20 of the UL (C&R) Act, 1976 and decision of the Govt. is awaited.

iv Cases where acquisition proceedings are in advance stage and the intention of the Govt. to acquire the property is indicated or in cases where notice under section 10(1) & 10(3) or UL (C&R) Act 1976 have been issued by the Govt.

Mere declaration of land surplus under Urban land (Ceiling & Regulation) Act 1976, does not deprive the land lord from his rights, title and interest in the excess vacant land. Those will not be extinguished till the date of publication of notification under section 10(3) of UL (C&R) Act, 1976, to acquire the excess land being valued on the basis of rate contained in section 11(i) of UL (C&R) Act 1976. As such the cases falling under the categories (i) & (ii) above are not to be valued at the rates contained in section 11 (i) of the Act but to be valued at the market rates.

As regards category (iii), it may be assumed that exemption will be given. The time interval between the date of valuation and the date of completion of the group housing after completion of all the formalities by the local bodies, is to be estimated and the value be deferred for such time period at appropriate rate of interest P.A.

As regards category (iv) the excess vacant land is to be valued at the rate contained in section 11 (i) of the Act.

In cases where sanction u/s 21 is obtained, the rate to be applied shall be the ceiling rate permissible for scheme u/s 21 of the Act wherever specified. No deferment is to be allowed in such cases.

★ **Other factors:** Apart from the adjustment factors described in the foregoing paragraphs, if there are other factors affecting the price of property such as defect in title, mode of payment etc. these should also be considered.

★ **Value of Building:** The fair market value of the building on a valuation date is its cost of reproduction on the date minus the depreciation from the date of completion of the building to the date of its valuation.

Methods for determination of cost of reproduction (construction) of a building have already been explained.

★ **Depreciation:** With the passage of time, the value of building decreases and after economic life of the building, its value becomes equal to its salvage value which is generally taken as 10% of the value of the building. The economic life of the building depends upon its type of construction. The depreciation can be worked out by any one of the three methods indicated below. Generally the first method which is simplest among the three methods is followed. The classification of structures with expected physical life, residual value and annual depreciation are given in Annexure-7.

★ **Straight Line Method:**

$$\text{Depreciation per annum} = \frac{\text{Cost of reproduction - Salvage value}}{\text{Life of the building}}$$

As the salvage value is taken 10% of the cost of reproduction.

$$\text{So depreciation per annum} = \frac{0.90 \times \text{Cost of reproduction}}{\text{Life of the building}}$$

When new construction is added to an old construction, depreciation can be arrived at in three ways. Taking an example of ground floor constructed in 1950 and first floor during 1970, depreciation required is as on 1980:-

1. Depreciation = $\frac{30}{60} \times 90\% = 45\%$

2. Depreciation = $\frac{10}{60} \times 90\% = 15\%$

3. Depreciation = $\frac{20}{60} \times 90\% = 30\%$

In the first approach, the depreciation has been allowed by considering that first floor cannot stand beyond the expected future life of the gound floor. In the second approach it is presumed that any prudent owner would suitably strengthen the existing building (Ground floor) so as to prolong its life to the full expected life of the normal construction. In the third approach the year of construction is considered as a mid point of 1950 and 1970 so as to nullify the positive side of the 1st approach and the negative side of the second approach.

An outline sketch of depreciation has been cited in Mulyam 4.4. As mentioned therein, the use of depreciation depends upon the method of valuation taken up on hand. The lump sum deduction for depreciation can be used in cost approach method.

Depreciation is reflected in the form of annual recurring amount over the economic life of the improvements while adopting income approach/rent capitalisation method.

★ **Sinking Fund Method:**

A sinking fund is an amount set aside every year and invested at compound interest so that on expiry of economic life one gets the cost of building less salvage value. Annual sinking fund to provide Re. 1 in'n' years.

$A = \frac{P}{(1+p)^n - 1}$ where A = Sinking Fund

P = Rate of interest = $\frac{1}{\text{Amount of Re. 1 in n years}}$

★ **Written Down value or Equal percentage or declining Balance Method.**

In this method the rate of depreciation remains constant and it is given:

$D = 1 - \left[\frac{Vs}{Vo}\right]^{1/n}$

where

D = Annual rate of depreciation

Vo = Original cost

Vs = Salvage value

n = Life of the building.

Rent Capitalisation Method:

This method is generally resorted to in the following situations:-

— In case the land is fully developed i.e. it has been put to full use legally permissible and economically justifiable and the income out of the property is normal commerical and not a controlled return or a return depreciated on account of special circumstances.

— In the case of fully tenanted property and statutory control of terms and conditions of tenancy.

— In the case of a property small portion of which is self occupied and balance large portion is tenanted.

— In the case of commercial establishment like cinemas and hotels, if the building is given on outright lease/rental basis and rent fetched is reasonable.

The rent which is fundamental ingredient of rent capitalisation method is net maintainable rent after taking out outgoings from gross maintainable rent. The other ingredient of this method is year's purchase or rate of capitalisation. Thus to determine the fair market value of the property gross income per annum is to be determined. From this income all the outgoings which are essential to be incurred for maintenance are to be deducted to find out the net maintainable rent or annual letting value. The annual letting value multiplied by year's purchase gives the fair market value of the property.

Gross Maintainable Rent:

— In case of rented building attracted by Rent Control Act, the actual rent received or receivable should be adopted.

— In case of newly rented building, the actual rent if it is nearly equal to the fair and normal market rent prevailing in that area be adopted.

— In case the rent fixed at a lower level deliberately by collusion by letting out to near relations or subsidiary concerned, the prevailing market rent should be adopted. The reasons should be recorded in the report.

— In case of partly self occupied building, where rent capitalisation method is resorted to, the rent for self occupied should be equal to prevailing market rent.

— In case of commerical building, prevailing market rent in the locality should be adopted.

— In case the Rent Control Act is applicable, the rent should not exceed the standard Rent, whether fixed or not.

— In case where the property is let throughout the year ending on the valuation date the gross annual maintainable rent shall be the rent received or receivable as indicated in para (a) to (f) above in respect of such year.

— In case where the property is let for only a part of the previous year (year ending valuation date), the gross annual maintainable rent

$$= \frac{12 \text{ months} \times \text{Rent received during tenancy period}}{\text{tenancy period}}$$

— In the gross annual rent the following amounts should also be included:

i) Interest on deposits not being advance payment towards the rent for a period of 3 months or less @ 15% P.A. of the amounts of deposits outstanding from month to month basis for the period (excluding part of a month) during which deposit was held by the owner in previous year. If the owner paid interest on such deposit, the amount of interest paid by owner be deducted from the amount of interest calculated @ 15% P.A.

ii) The amount of premium divided by the number of years of lease period, if the owner received premium for leasing out the property.

iii) The value of benefits or perquisite whether convertible into money or not, derived by the owner as consideration for leasing of the property of any modification of the terms of lease.

Outgoings:

Only those outgoings which are actually paid or payable by the assessee will qualify for deduction from the gross maintainable annual rent.

1. **Municipal taxes:** The amount of taxes as actually levied or leviable by the municipalities should be considered for deduction.

2. **Repairs and maintenance Charges:** The yearly expenses incurred by the assessee for repair and maintenance or as per stipulated condition in the rent agreement should be deducted. Normally, 1/12 of gross annual rent should be considered for deduction as outgoings for repairs and maintenance.

3. **Ground Rent:** Actual ground rent paid in the case of lease hold properties.

4. **Insurance Cover:** The actual amount paid by the assessee for the insurance for the safety of building only limited to the scale laid down by Fire and General Insurance Rules.

5. **Management & Collection charges:** This will vary depending upon the number of tenants, legal disputes in collecting the rent. If there is only one tenant or the building is under occupation of the Govt. or Public Sector undertaking only 2% should be adopted. In any case not more than 6% deduction is to be made on this account.

6. **Service Charges:** Expenditure actually incurred by the assessee for sweeper, chowkidar, lift man, pump man, electrical energy for common light point etc. may be allowed subject to scrutiny of the reasonableness of the claim.

7. **Sinking Fund:** Deductions for sinking fund for equipments and machinery installed in cinemas, hotels and factories etc. may be allowed. No sinking fund is to be allowed for building.

1. RATE OF CAPITALISATION

1.1 When a property is valued with reference to the income realised from it, the basic relationship is expressed by

$V = \frac{I}{R}$, where

V = Present worth of future right to income.

I = Net operating income, before providing for interest on the investment and amortization payments on the investment.

R = Rate of capitalisation, a summation of the rate of interest plus the rate of amortization (i+r).

Amortization means extinguishing a debt, usually by means of sinking fund. The definition of 'I' above properly observed, will prevent the inclusion of interest on capital and sinking fund as 'out-goings' from the gross income.

1.2 'R', the Rate of Capitalisation represents the total property rate at which a fair return on and of the investment is anticipated. The 'on' part (i) is the Interest on Capital, while the "of" part (r) is the sinking fund element. Land by itself is indestructible and does not call for the "of" part when it is considered along. Improvements and land (structures) have finite lives, have to be replaced by new ones and, therefore, call for the 'of' part of sinking fund.

1.3 For a defined amount of sinking fund, R the Rate of Capitalisation will depend on 'r' and 'i', the Rate of Interest. This rate is often the subject of dispute. It is, therefore, necessary to understand the background of it.

2. WHAT IS INTEREST?

2.1 Natural Resources (termed as and including 'Land') and Human Labour are the Primary Factors of Production. Production covers everything including properties. Capital goods produced by the economic system itself constitute the Intermediate Factor. They are both outputs and inputs of the system. They can be rented out. The rental yield derived from the capital goods in 'Interest' - a percentage (and hence a pure number) of the money value of these goods.

2.2 The Intermediate Factor is a product of the round about processes, which take time to get started and completed and a mere productive than direct processes. The capital goods also depreciate. After allowing for all depreciation requirements, capital has a net productivity -

'the real interest yield'. However, no Society can take unlimited advantage of the opportunity to get more production by round about processes because it would have to cut down on present consumption to speed up capital's rate of growth and future consumption.

3. WHAT DETERMINES INTEREST?

3.1 Interest, the yield (or price) of capital, is subject to the laws of demand and supply. As Society transfers more resources from current consumption, more capital (goods) becomes available projects with longer life and lesser yield or lesser net-productivity come to be taken up.

3.2 This means that interest level is determined by interaction between two factors:

1. people's impatience to consume now rather than accumulate more capital goods for future consumption; and,

2. Investment opportunities that exist to procure higher or lower net productive from such capital accumulated.

The first factor limits the growth rates of capital and its attained size. The second tells what interest can be earned as we have various amounts of diverse capital goods. The fundamental proposition is:

Society can exchange present consumption of goods for future consumption of goods at a trade of rate depicted by the rate of interest.

WHAT IS 'INTEREST RATE':

3.3 As capital goods are of diverse nature, at any time there is a whole spread of interest rates for ventures of different risks and whole spread will move up or down. When the pure riskless rate of interest changes. This takes up to the defintion of Interest Rate.

The market rate of interest is that percentage return per year.

Which has to be paid on any safe loan of money, which has to be yielded by any safe bond or other security; and.

Which has to be earned on the value of any capital asset (such as a machine, a hotel building, a patent right).

In any competitive market where there are no risks or where all risk factors have already been taken care of by special premium payments to protect against any risks.

4. WHAT DECIDES THE INTEREST RATE?

4.1 It is people in society that consume less to-day and save their earnings. The bulk of evidence suggests that the level of interest rates tends to cancel out of consumption and saving decisions, even though a rise in the rate paid by one savings bank may bring it more business because people will tend to transfer their assets to it, without their having altered consumption one bit. Economic principles alone cannot give an insight into the savings process.

4.2 Consumption lending is to-day less important than productive investment lending; therefore, productive investment primarily determines the behaviour of interest rates.

4.3 With the universal system of Centralised Banks, the Government is also an important determinant of investment and interest rates. This, it does through its policies of supply of money in the market (monetary measures) and taxation (fiscal measures).

4.4 All economic development induces a rise in prices. The 'real interest rate' is the 'money interest rate' minus 'the percentage price rise'. As people come to anticipate a steady rate of inflation, they build into the interest rate, an allowance for the inflation.

4.5 Every assset is capitalised at the present discounted value of all its future net receipts. Decisions on the wide-ranging investments would be made to maximise the present discounted value. This obviously is governed by the type and durability of investment.

The Economic principles have been summarised from Nobel-laureate Paul Samuelson's 'Economics' 10th Edition. We may see how they apply to immovable properties

5. WHAT RATE FOR PROPERTIES?

In "Valuation of Real Estate' Alfred Ring explains:

"The interest Rate as a composite annual return per dollar of investment is influence by the following market forces.

1. Rate of government bonds on guaranteed bank deposits;

2. Burden of management of cost of maintaining the investment, including book-keeping, collecting, inspection etc.

3. Relative liquidity of the investment for conversion into cash.

4. Risk of loss of income and investment due to competition or operation or economic forces.

"Although it is theoretically possible to build up a rate of interest by independent consideration of the economic forces which make up the rate as a composite whole in practice reliance must be placed on market operations".

5.2 So, the sum and substance of it is that the rate of interest has to be based on the reality operating in the concerned markets. At the same time, the components and factors affecting the interest rate have to be given due consideration.

6. CAN WE COMPARE IMMOVABLE WITH OTHER PROPERTIES?

As Mitra's 'Legal Dictionary' defines

> *'Capitalised value means the capital value of an asset based on its current earning power in relation to the expected rate of return from that type of asset.*

It is clear that we have to select a rate which is applicable to the given type of property and not the others which may be ruling in the market for other types of properties, savings or investments. It will also be necessary to consider the nature of capital in the property whether its purpose is consumption, earnings or mixed. It is easily seen that building properties occupy one of the lowest rungs on the ladder of investments. They more or less represent projects with lesser net productivity. The reason is not far to seek. Next to food, shelter is a primary need, to be satisfied irrespective of what alternative gains can be had. This applies not only to residences but also to commercial and industrial buildings which form the starting point of most business. This type of property, therefore, occupies a borderline position between consumption saving and investment. It cannot be expected to obey the laws relating to any one of them. This also leads us to the corellary that the 'expected return, from immovable properties would normally be in the minimum retuns range. There are other reasons for this also.

7. RELATION WITH LONG TERM SECURITIES OF BANK RATES:

7.1 The rates of interest on Long term Government Securities (the so-called gilt-edged securities) are often the lowest for the very reasons that they are long-term. Short-term rises in interest rates of Bank deposits reflect temporary phases. When they are used as tools for combating inflation they do not have direct relationship with the retuns from investment. In fact their use as tool is itself a means to secure an evening out of the fluctuation in the interest rates.

7.2 Built-up properties resemble the long term securities in the span of their lives. In spite of depreciation they maintain their value to a great extent. Their security (based on their permanence) is as good as that of the Long Term Government loans.

7.3 The security or absence of risk in nationalised banks may be considered similar but in many other counts, Deposits in Banks cannot be compared with immovable properties.

First: The nature of the deposits. They are savings in simple and pure, and not investments. They do not enable 'consumption' as building properties do. The distinction is fine but certain.

Second: The Bank rates are uniform all over the country. Not so the return from properties which may be different in different localities.

Third: Long term deposits with banks have reduced liquidity. One cannot withdraw the amount without foregoing part of the interest-nor can one borrow a loan against the deposit without paying additional interest. The most liquid deposits in a Bank are the savings bank deposits and they carry a much lower rate of interest.

Fourth: Deposits with Banks do not provide any hedge against inflation. The 'real interest rate' is less than the 'money interest rate' when prices rise, inflation grows and real money values go down. For properties, the case is different. Their value, often grows with the rise in prices, in spite of depreciation. One of the main incentives for investing in built up properties is their capacity to provide the hedge against inflation.

8. WHAT IS THE 'EXPECTED RETURN'?

The motives behind putting up a property are of a mixed character. But one thing is certain-when such a property is put up, it is done with full knowledge of the fact that the returns are likely to be low. One of the indications is the Rent Control Acts. They specify the fair rents as percentage of the capital cost of the building and land. These percentages are lower than the current rates on Bank deposits. Further, these are gross returns-and if allowance is made for the out-goings, it would be lesser still. Those who argue for adoption of high capitalisation rate also plead for adopting the low (legal) returns likely to be obtained from the properties thus trying to take advantage both ways.

9. COMPARE THE RETURN FROM SHARES?

9.1 Shares of an industrial or commercial concern are an ivestment of a different type altogether; therefore, their returns, even if they were regular, could not be compared with returns from building properties. These returns from shares do not follow a set pattern either depending on the general out look for business and the fortunes of a particular industry, the returns may be high or low. Over a long period comparable to the life of a building property, the average return may not be as high as it is shown over a small period.

9.2 Preference shares do carry a stipulation that dividend on them must be paid at specified rates. What is the reality? "The annual average proportion of companies skipping preference dividend was 18 percent in 1961-66 and 28 per cent in the sense that equities have a better alternative to Preference Shares". This is the finding of a study made by the Economic Department of the Reserve Bank of India. This needs no more comment - the uncertainties of income even from Preference shares are laid bare.

10. EFFECT ON CONSTRUCTIONS?

10.1 There is a stock argument against a lower interest rate-namely, that in the absence of a high return, there will be no investment in properties. In valuation we deal with the state of affairs as it exitst - not as it should be. But, even otherwise, there is no evidence to prove the point. On account of their special nature, Building Properties do behave differently from the rest of the market. The Nobel laureate Kyznets has shown that the 'Building Cycle' (periods of intense and poor building construction) has a length of 17 to 18 years or almost twice the major business cycle which affects all business. It is enough for us to see that high activity in construction is not necessarily and directly dependent on the market conditions even in an unfettered economy like that of America. In a country like ours where Building properties are considered as one avenue for investments of unearned income, the generalised argument about the interest rate affecting building construction, can be much less effective.

11. CONCLUSION:

★ The rate of interest and so the rate of Capitalisation depend on a number of factors tangible and intangible.

★ There is a whole array of investments and different types of investments will yield different rates of interest.

★ Immovable Properties are unique in many respects and have their own rate(s) of interest.

★ The rate can be justifiably related to the yield from long term securities rather than to other savings and investments. It does not necessarily affect the volume of construcrtion. It can be reasoned out figure based on the particular situation. .

★ Reversionary value of land should be added where the remaining life period of structure is 15 years or less.

Development Method:

This method of valuation of large extent of land is adopted in the following situations.

— When the comparable sales of large tracts are not available but sales of small plot are available.

— When the land is ripe for use for building purpose i.e. it possesses necessary potentialities for urban use

The complete procedure to determine the fair market value of the large tracts of land, under this method can be divided into the following steps.

— Ascertain the demand for small plots in the area.

— Determine the area of land required for development work as per municipal bye laws. Deduct this area from the total area of the plot so as to ascertain the area available for development of small size plots. By rough estimation it works out to 20 to 25% of the total area.

— Determine the number of small plots which can be legally carved out from the large tract of land with necessary provisions for infrastructure facilities.

— Determine the cost of development works such as cost of construction of road as per municipal specifications with street lights, cost of laying parks, underground drains, water supply lines, sewer lines, electric lines & substation, earth filling or cutting, cross drainage works and municipal taxes on open land. As the total amount of development is not paid to the contractor at the commencement of work so deferred for half of the period of construction at certain rate of interest say 10 to 12%. Let the deferred value be (A).

— Ascertain the total sale price of all the small plots of scheme on the valuation date from the comparable sales of small developed plots. As all these small plot cannot be sold at one time, so estimate the time of disposal of all the plots and defer the total sale price for half of the period of the sald @ 10% to 12%. Let it be (B).

— From the deferred sale price B deduct the following:

— Present value of the cost of development deferred for half of the period of development (A) along with architect or engineers fee for supervision and getting the scheme approved.

— developer's profit and risk 15% of (B).

— The amount available after above deductions from (B) will represent the fair market value of the large undeveloped plot on the date of valuation.

BELTING METHOD OF WORKING OUT LAND VALUE

The land value depends on frontage and depth of the plot. The frontage is the length of the land along the road and the depth of the plot is perpendicular to the Road. As the depth increases, the land value reduces. In urban areas, where commercial activities are predominant, the land value abutting the road will be higher as compared to the land away from the road. The valuation of the land by considering different strips is called Belting method. The depth of each belt varies from one locality to another locality in the same city and naturally, it varies from one city to another city also. The depth of strip is generally ascertained from the actual activities in similar areas. In some cities, the first belt may have the depth of about 80 to 100ft. Generally, the valuation of the first belt if taken as 100%, the second belt is taken as 50% and the third belt is taken as 25%. While valuing by belting method, the zoning restrictions made by the Development Boards/Town Planning Authorities should be considered.

PROFIT METHOD:

In the case of Hotels, Motels, Cinemas, Public houses which falls under the category of the Licensed premises, the F.M.V. depends primarily on the earning capacity of the property. The F.M.V. of such properties is determined by applying profit method provided

— The owner runs Hotel, Cinema himself.

— The owner gives Hotel or Cinema on conducting agreement to a conductor.

The F.M.V. of the property is determined by capitalising the net profit (70% tangible + 30% intangible) at certain rate of interest. The net profits are obtained by deducting operating expenses, owner's risk and other outgoings from the gross income. For example in the case of Cinema the following steps are to be taken to determine its F.M.V.

Gross Income (Excluding entertainment tax):

The gross income is estimated on the basis of full house capacity less normal vacancies multiplied by the number of shows in a year. The vacancies can be determined either from the actual sale of tickets details of which are available with the owner. Thus the source of gross income are:

- Regular and morning shows.
- Restaurants/tea stalls.
- Soda fountains.
- Advertisement slides/films.
- Show cases.
- Any other incomes.

As the gross income may not be consistent, so the gross income and expenses should be based on the average of last 3 preceding years.

- Expenses: Operating expenses can be broadly classified:
- Entertainment tax if included in gross income.
- Total show tax
- Hire charges of new reels.
- Other taxes pertaining to cinema business.
- Octroi, Freight charges.
- Publicity.
- Travelling expenses.
- Printing & Stationery.
- Salaries & Bonus, gratuity, provident fund, Welfare fund of staff.
- Carbon electrodes.
- Telephone bills.
- Electricity bills.
- Postage & Telegram charges
- Insurance for building as well as plant & machinery.
- Repair & maintenance not exceeding 3% of building value.
- Ground rent, if any.
- Property tax.
- Sinking fund for furniture, equipment and plant & machinery.

Owner's risk & entrepreneurship: 15% of gross income in the case the owner runs the cinema himself or 15% of conducting charges received by the owner from the conductor less the owner's liabilities such as repairs & maintenance, ground rent, Municipal taxes, collection charges etc., if any borne by the conductor.

Net Profit: The net income is worked out by deducting the expenses from the gross income.

Rate of capitalisation: The net profit is required to be divided into two parts.

- One due to land, building, furniture, equipment etc. called as tangible profits which is generally 70 to 75% of the total profit and capitalised at an appropriate rate of interest.
- Other due to good will management, license called intangible profit and generally taken as 30 to 25% and is capitalised at a interest rate 2% higher than the rate of interest for tangible profits.

Fair market Value:

The total of capitalised values of tangible and intangible will give fair market value of cinema.

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CHAPTER - 6

PROCEDURE OF VALUATION

— Cost of construction reference for I.T. Act.

— Fair Market value reference for W.T., G.T. & CG. or purchase price of a property.

COST OF CONSTRUCTION

Reference for assessing the amount of investment made in a property is made by assessing officers u/s 133(6) I.T. Act, 1961. Reference made u/s 55A & 142(2) of I.T. Act are also held valid. The assessee is generally charged u/s 69B of I.T. Act i.e. unexplained investment. The onus to prove that the investment actually made is much higher than declared value rests with the revenue i.e. the Valuation Officer. The difference between declared and estimated investment(if upheld) are taxed at the highest rate of tax in addition to penal rate of interest and other penalties. The stake being high, these cases therefore need to be handled with utmost care and due diligence.

Valuation by assessing cost of construction will be valid only when the books of accounts or the registered valuers report submitted by the assessee are not found acceptable for recorded reasons.

STANDARD FORMATS FOR REFERENCE TO VALUATION CELL:

It is advisable to have the reference made in the standard format as given at Annexure-8. In case the informations in reference is inadequate then relevant required information should be asked from the assessing officer. Since this is an advisory reference, so long as details required in the Annexure-8 are made available and commission is issued the Valuation Officer may enter into reference forthwith.

CALLING DOCUMENTS

Suggested list of documents to be called for from the assessee are given in Annexure-9. This notice should be issued under registered cover with a specific time frame. Request for reasonable extensions of time can be considered.

In case of time barring assessments, assessing officer should be requested to facilitate this matter. In case of partial submission to remaining documents should be asked for from the assessee. After receipt of relevant documents, notice of inspection be issued as per Annexure-10, preferably in consultation with the assessee. The assessee should be asked to have his technical representative or registered valuer, if any, available for joint measurement of the property to avoid dispute on this account at a later date. At least two days notice in writing for inspection of the property to the assessee or with the consent of the person in charge of, or in occupation or in possession of such property in accordance with powers conferred on Valuation Officers under section 38A of the WT Act 1957, should be given.

Where the assessee does not cooperate in supplying information or the notice are not received by him, notices may be served through the assessing officer.

If the assessee still does not respond, the date of inspection of the property may be fixed and assessee issued a notice with a copy to assessing officer requesting him to depute an inspector during the inspection. In some cases assessee does not allow inspection even if inspector accompanies valuation party. The possibility of taking up survey work of the property by the Assessing Officer may be explored, during survey of the property the V.O. can inspect and take measurements. In such cases assessing officer should be asked to invite penalty proceedings u/s 271 of I.T. Act against the assessee provided sufficient time is available before the reference becomes time barred. Otherwise valuation should be done by visual observation and local enquiries. The fact should be clearly mentioned in the valuation report.

Standard pro forma for issue of commission is at Annexure-11.

INSPECTION OF PROPERTY:

RECORDING OF MEASUREMENTS & SPECIFICATIONS:

During inspection all measurements and specifications should be recorded in a register duly numbered. The location and number of various items, fittings/ fixtures be clearly noted. Make or manufacturers name may also be recorded whenever possible. The measurements should also be got signed by the assessee or his authorised representative. In case, no technical representative of the assessee is present, the same should be recorded in the inspection note. In case, assessee intimates that he wanted to call some engineer but could not due to certain circumstances, then he may be given some reasonable time to get the measurements and specifications reconciled failing which the measurements and specifications recorded will be final and binding on him. The idea is to avoid disputes regarding measurements at a later date. Complete measurements as on the date of inspection should be taken. Reductions/ deductions for works done after date of valuation should be allowed after obtaining written undertaking and verifying vouchers for works done after valuation date. Similarly expenditure incurred by the Assessee up to the date of inspection/likely date of inspection should be obtained even if relevant year's account may be unaudited.

Similarly detailed specifications of the building should also be recorded during inspection itself. The notes should be meticulous and unambiguous as these may be referred to during appeal stage a few years later.

Inspection note

Some times assessee expresses ignorance about the deliberations made during inspection of the property. To avoid this situation the action taken by assessee in accordance with the notices already issued in regard to submission of documents, measurements of property, recording of specification during inspection and the persons present for assessee's side and department's side should be noted in the inspection note which should be signed by all persons present during the inspection of the property; Particular mention should be made by Valuation Officers in regard to submission made by the assessee for the balance information/documents yet to be submitted by the assessee It has been felt that rather than asking the assessee to submit the balance information/documents by a particular date it is desirable the assessee should commit for balance documents/ information to be submitted by him till a particular date. The following wording may be incorporated in the inspection note for proper enforcement of submissions by assessee. "The assessee/his representative categorically intimated that he will submit the balance documents/details by..... failing which the valuation may be worked out based on the data already available with Valuation Officer and that gathered during physical inspection of the property". In case assessee refuses to commit a date by which balance records should be submitted or does not submit even after committing a date a final notice may be issued to the assessee informing that valuation would be done ex parte in case of non-submission of documents. The fact that the assessee did not co-operate and submit the relevant documents should be recorded in the valuation report.

Preparation of Valuation Reports.

Format of preparing valuation report are given in Annexure-12.

Comments on Registered Valuer's Report:

Whenever assessee submits valuation report of registered valuer, it should be scrutinized carefully. In case the report is not found acceptable then the deficiencies should be specifically recorded in the pro forma included in Annexure 12. Without this the report of the registered valuer may get precedence over the Valuation Officer's report before the assessing officer or in appeals. Proper scrutiny of the registered valuer's report could be done after Valuation Officer has inspected the property and completed his valuation.

In case report of registered valuer is not submitted by the assessee, the fact should be recorded in the valuation report.

Comments on the accounts submitted by the assessee

Assessing Officer should reject the account of the assessee before making a reference, it is generally not done. Whenever assessee submits an account of the cost of construction, even partially, it should be scrutinized in depth. In case the account is not acceptable then deficiencies should be recorded. This would help the assessing officer to reject the account failing which the assessee may get away with the plea that no defects had been pointed out in his detailed account before the assessing officer or the appellate authority. For this scrutiny countable items should be recorded during inspection and verified with the accounts of the assessee. This details is to be invariably attached with the valuation report.

Photo copies of vouchers/ bills should be accepted only after verifying and scrutinising the originals. Cash/credit memos clearly indicating sales tax numbers are genuine vouchers. Others are only made up vouchers and thus have less authenticity. It is important to verify that all fixtures/ fittings provided in the property are supported both in the quantity and quality by the relevant bills/

vouchers. This can be done by comparing measured/ counted items vis-a-vis the bill/ vouchers produced. Short falls, if any, have to be added up. The valuation report should specifically bring out items for which no bills/ vouchers are produced or where less bills/vouchers are produced.

Few examples are given below:

— Count number of electrical fittings, sanitary fittings and door/window fittings provided and compare it with bills.

— If work done on labour rate contract, compares the areas paid for marble/granite/ tile work vis-a-vis actually provided and shown in the bills/ vouchers.

— From RCC/ CC quantities, work out theoretical requirements of cement, steel, stone aggregate & sand and compare with quantities as well as rates shown in bills/ vouchers.

— Comparison of flooring material purchased and actually used will be a good check.

— Take complete measurements of wood work and work out theoretical consumption and compare with quantities shown in bills. If assessee has bought logs then allowance for wastage and log measurement as per local practice be made.

Method of Valuation:

The valuation report should have a note on method of valuation in simple terms and with least technicalities to enable the assessing officers and appellate authority to appreciate how valuation has been done by the valuation officers.

Rebate on Self Supervision:

The phrase "Rebate for Self Supervision" is, strictly speaking a misnomer. The rebate in cost of construction in Income Tax assessments is not given for not engaging any supervisor, but it is given where the assessee saves on the middleman's profit. In estimating the cost of constructions, cost of supervision is not added even in case of the plinth area rates approved by the Central Government or the State Governments and wherever, the assessee engages a supervisor for supervising the work, the cost of such supervision is included in overheads. Thus the question of allowing any rebate for literal self supervision does not arise. Obviously, the question of allowing rebate for self supervision arises only where, the method adopted for estimating the cost of construction includes the middleman's profit (contractor's profit). If the Cost of construction is worked out by adopting account method, there is no question of allowing any rebate for self supervision, as the element of middleman's profit is not included in working out the Cost. If the detailed estimate method is adopted in working out the cost of construction, allowing rebate for self supervision depends on the rates adopted in estimating the cost of construction. Some of the standard schedule of rates of the State Government do not include the element of contractor's profit while working out the rates of individual completed items like concrete etc. The standard schedule of rates of A.P. does not include the element of contractor's profit and overheads. Thus, while allowing the rebate, the analysis of rate adopted in estimating the cost of construction has to be referred to. If the cost of construction is worked out based on the plinth area method, rebate for self supervision is required to be allowed where plinth area rates approved by CBDT are applied as these rates are derived from the cost of several completed works, which were executed through contractors and the rates included the element of contractor's profit. However, where, the Registered Valuers work out the plinth area rates on their own, the allowance of rebate again depends on the amount of contractor's profit included by them in working out the plinth area rates. Thus, the allowance of rebate for self supervision is dependent on the method adopted for estimating the cost of construction and method adopted for arriving the unit rate.

Quantum of rebate for self supervision:

Generally, the element of contractor's profit and overheads included in the analysis of rates is 10%. Out of this, 2.5% is towards overheads and every assessee (even if he is a contractor) has to spend the same towards watch and ward, site supervision (Supervisor, Mastry, Mate, time keeper), wear and tear of equipment, losses, investment charges) irrespective of the method adopted for construction. Thus the saving an assessee can have by employing labour directly and purchasing materials also directly, is a maximum of 7.5%. Thus, the maximum amount of rebate that can be given, where the cost has been estimated by adopting plinth area rates approved by CBDT is 7.5%.

7. Rebate for self supervision allowable for different methods adopted in construction and different methods adopted in estimating the cost of construction is summarised below:

Method of Construction	Method adopted for estimating cost of construction	% of rebate on self supervision allowable
I. Direct Purchase of material and engaging labour on daily wages.	Account method	Nil
	Detailed estimate method	Depends on whether contractor's profit and overheads is included in the rates or not Generally, Nil.
	Plinth area method adopting CPWD/CBDT Rates.	7.5%
II. Direct purchase of material but labour engaging through labour contractor.	Account method	Nil
	Detailed estimate method	Depends on whether contractor's profit and overheads is included in the rates or not Generally, Nil.
	Plinth area method adopting CBDT rates.	6%

III. work executed through contractor.	Account method	Nil
	Detailed estimate method	Nil
	Plinth area method	Nil
IV. work executed through contractor but some bulk materials supplied by assessee.	Account method	Nil
	Detailed estimate method	7.5% of the cost of materials supplied by the assessee.
	Plinth area method adopting CBDT rates.	-do-

Builder's effort:

This includes cost of preparation of drawings both architectural and structural and obtaining approval from local bodies. This would be upto 2% of the cost of construction if architectural supervision is also done by the architect or the actual cost incurred.

Miscellaneous:

➔ Ask for photograph of the building: Front & rear and two side elevation will do. Have this pasted in the file itself with your comments, if any. It will be very useful in valuation as well as in appeal.

➔ Move on foot all round the building all the time asking questions about various items on services/finishes. Similarly look down the building from terrace on all four sides. This will give a good over view of the property.

➔ Encourage the assessee to call registered valuer during inspection or at least for general discussion. Similarly talk to the engineer, contractor/ supervisor who has actually executed the work especially regarding hidden items.

➔ Encourage market enquiry. Enquire about sources of various materials, quality etc.

➔ Remember in cost of construction onus to prove lies with the Valuation Officer. Case must be built up from the information/ data given by the assessee.

➔ To support the valuation, help of State PWD schedule of rates or rates of revenue board etc. may also be taken. Similarly rates from vouchers of similar works at same or nearby places can also be useful.

➔ While examining original vouchers, look at the reverse side also. Many times it reveals the true transactions.

Important case Laws:

109 ITR 52 (Mad)

116 ITR 825 (P & H)

200 ITR 788 (Raj)

209 ITR 343 (Cal)

209 ITR 520 (All)

211 ITR 520 (Mad)

215 ITR 92 (Kar)

B.1. Procedure for fair market value (advisory) : Determination of FMV of property may be required to be worked out for determination of reasonable investment in purchase (section 133(6)) to fix reserve price for tax recovery (as per 53 cc of II schedule of I.T.Act). These references are only advisory in nature. Therefore it is to be dealt like cost of construction cases in administration matters and valuation as per details discussed under F.M.V. (statutory).

2. Procedure for Fair Market Value: (Statutory)

The procedure would be almost similar to "Cost of construction" cases. The standard formats should have correct reference to the relevant Acts.

After ensuring correct reference from the assessing officer, obtaining documents from the assessee and inspecting the property the valuation is completed. After working out the valuation if the declared value is found correct; VO may pass order under section 16A(3) and issue order copy to the assessee and assessing officer. Format of 16A(3) order is given in Annexure-13. Copy of valuation report in such sales to be given only to the officers of Valuation Cell. If assessed value is more than declared value it is then to be sent out the assessee inviting his written objections in the form given in Annexure 14. Suitable opportunity should be given to the assessee to file objections if any, to the proposed valuation of fair market value.

The objections should be carefully considered and commented upon. Final orders should be passed under the appropriate section, considering the relevant materials gathered by the Valuation Officer and the objections and facts stated by the assessee, in the format given in Annexure-15.

Section 7(1) of WT Act 1957, provides that the value of any asset, other than cash, for the purpose of wealth tax, should be determined in the manner laid down in Sch. III. An assessing officer can make reference to a Valuation Officer only under section 16A of WT Act, 1957, which provides that the assessing officer may refer the valuation of any asset to the Valuation officer as laid down in Rule 8 of Schedule III. Rule 3 of Schedule III specifies the procedure for determination of the value of an immovable property for the purpose of subsection (1) of section 7, subject to provisions of rule 4,5,6,7,8. Rules 8 (a) (b) & (c) specify the situations where provisions of Rule 3 do not apply and in that case, the value of the property is to be determined in the manner as laid down in Rule 20. In Rule 8(a) it has been specified that if the assessing officer with the previous approval of the Dy. Commissioner (Joint Commissioner) is of the opinion that it is not practicable to apply the provisions of Rule 3, then the value of assets is to be determined as per provisions of Rule 20. Rule 20 (2) clearly specifies that, when reference is made under section 16A by the assessing officer the value of the asset shall be estimated to be the price, which in the opinion of the Valuation Officer, it would fetch if sold in the open market on the valuation date i.e. Fair Market Value. There may be two situations:-

— In case where the assessing officer has clearly indicated in the letter of reference made under section 16A of WT Act, 1957, that he has obtained the prior approval of the Dy. Commissioner under Rule 8 (a) and value of the asset is to be determined under provisions of Rule 20 of Schedule III.

— In case where the assessing officer has not mentioned anything about invoking the provisions of Rule 8(a) in the reference letter and reference has been made under section 16A of WT Act, 1957.

In both the situation Fair Market Value of the asset would be determined by the valuation officer as per rule 20(2) of Schedule III as clarified in CBDT instructions No. 1905 dated 9-12-92; copy placed as Annexure 16. The reference from the Assessing Officer should clearly indicate the sub para of Rule 8 under which the reference has been made. If the reference does not include such information, the Assessing Officer should be requested to correct the reference indicating the sub para of Rule 8 under which reference is made. The reference should also indicate clearly that reference is made under Rule 20(2) of Schedule III read with the particular sub para of Rule 8 of Schedule III.

Before application of Rent Capitalisation Method it should be ensured that the property is fully developed and the rent received is reasonable as per prevailing rent in the locality. The evidence of tenancy should be collected. It should be checked that proper agreements for rent between the landlord and the tenants are prepared and rent receipts are issued by the landlords. In case where it is observed that rents are not reasonable, it should be rejected and prevailing rent should be considered after ascertaining from the locality for identical properties. Such case usually arise when the property is let out to near relations or to the firms in which owners have controlling interest. The reasons for not considering the actual rent should be recorded with evidence in the report.

Whenever rents are kept low deliberately, the reasons for its rejection should be recorded in the report duly supported by evidence.

In case the property is not fully developed and there is unutilised FAR/FSI, the possibility of its further development and making use of such unutilised FAR/FSI may be considered having regard to provisions of rent agreeement and rent control Act. The value of such unutilised FAR/FSI on further potential should be added separately.

CHAPTER - 7

REQUIREMENT OF GOOD VALUATION REPORT

A report is a means of communication of one's thoughts to another person. Its contents are the result of our work and expertise. Its presentation should facilitate grasp and appreciation by the reader. The best of contents can be ineffective or can be missed, if presentation is indifferent. Presentation is, therefore, as important as the basic contents of a report. We in Government Departments often do not attach the due importance to presentation which it deserves. Many private organisation show off efficiently and often score their points, by impressive presentation. We can improve the impact of our Reports by presenting them in a systematic and dignified manner.

2. PAPER: It starts from the paper itself. All sheets forming the Report must be of the same size and all Reports should also be of the same size. We should adopt the A4 size as the standard size. If the paper received is of some different size then it should be cut to this required size in a regular manner. Any papers received from the A.Os or Assessees should also be put in the same size, by folding if necessary. Nothing should stick out from a compiled report.

3. TYPING : The manner of Typing will make or mar a report. Leave generous margin, say 30 mm on the side on which the report is to be stitched with a file (left on the odd page and right on the even.) Also leave 10 mm margin on the other side. Use one and half space between lines for the main contents and single spacing for secondary contents like the objections raised by an assessee quotation from a Court judgement etc. For all secondary matter, leave an additional margin from the left end of the main contents.

4. TITLE: Start the Report with the following Title.

VALUATION REPORT

BY

.... *VO**

Property:

(*is for the letter D or A as required, ** For the headquarters)

5. PARAGRAPHS:

Number the paragraphs and sub-paragraphs in the decimal system, say 3., 3.2, 3 etc. Do not use more than three numbers for indicating the sub-paragraphs. For example, do not have 3.2 3.1. Leave such sub-paragraphs unnumbered. You can see any IS code to understand the system. Give subject title for the paragraphs. Underline the title and start the matter on the next line.

When there are many details to be given, place them one below the other, the different lines; e.g. the specifications or descriptions of different components of a building. Such sorting out shows clarity of thought and makes for easy references by the reader. If such information contains figures, they should all come one below the other. If a few of them have to be added or subtracted, the results should be in another column and not mixed up in the same.

6. STATEMENTS:

Every Government file and report contains some or the other statements and tables. These are normally on oblong sheets which are folded and huddled in the file. It is quite possible to compress most statements, schedules or tables in normal sized papers. Even if a larger paper is required, it should be put along the longer side of the file in such a way that it can be read from the bottom edge of the file towards the top-edge on both sides of the paper.

7. GENERAL:

7.1. Let us remember that Metric system is the only legal system of measures in the country. So, all work has to be done in that system. No doubt, the Property deeds and local custom mention various other units like feet, acres, cents, grounds, bighas and so on. Our Reports should specify metres & squares invariably, at least in brackets. Also, use the correct short form of every unit:m (not mtr.) sq.m etc.

7.2 All amounts should be judiciously rounded off. Rates, legally specified areas and amounts, and such other figures have, of course, to be given as they are. But equivalent area in sq.m, the estimated quantities of most building items etc. can be given to the nearest whole number. So also the calculated amounts against individual items. The final amount of valuation can be given to the nearest hundred or even to the nearest thousand if the total value is more than 5 lakhs. The error will be less than 0.2 per cent and a lot of mistakes will be avoided.

7.3 Chronological order is the best in describing in separate lines or paragraphs, a sequence of events like changes of ownership, leases etc. It is only in the analysis of Facts that such events may have to be brought together in argument.

7.4 Replies to objections raised by an assessee should be given one for one i.e., the reply to first objection No. 1 (typed in single space) should be detailed immediately below (typed in 1 1/2 spacing) before objection No. 2 is started. The Assessee's objection should be reproduced as mentioned above, unless it involves contents in some other language like revenue records etc.

7.5 Avoid Repetitions. Many valuation reports give description of the Property in the subject, in the details of reference from the AO, in the "Inspection" details and again in the assessment part. They then become boring and may result in some points being missed by the reader. Break a long complex sentence into a number of simple sentences.

8. ENCLOSURES:

8.1 Every Report should contain a drawing (of the same size as the pages of the Report or properly Folded to the same size). This may be even a sketch, roughly to scale, giving locational details and whatever other details are considered relevant or necessary. The north line should preferably point towards to top of the drawing. Simple lettering should be used and the title should be brief but clear. Expressions like "Drawing showing...." should be avoided.

8.2 One or more photographs of the Property will not only enhance the value and reliability of the Report but will also retain permanent record of the state of the property on the day of inspection of valuation. A simple method of recording the date on photograph is to hold the day's issue of a daily newspaper in the photographed object.

8.3 Provide a Reference Number for the Valuation Report. This will be the most useful record for future reference. The information will be given in the Reference Number only in figures.

The Ref. No. of the Report will contain the following information.

1. Valuation Unit No.	:	As per list circulated.
2. The Unit's Report No.	:	This will be progressively and continuously given for the properties by the particular unit only.
3. Type of Case	:	This refers to one of the ten types of cases usually referred to us, numbered as 01, 08, 10 etc., as per details given below: 01. Prosecution 02. Income tax 03. Acquisition 04. Wealth tax 05. Estate duty 06. Gift tax 07. Capital Gains 08. Tax Recovery 09. FERA 10. Miscellaneous
4. Amount of Valuation	:	This will be given in lakhs and thousands only: say 0.56, 27.38 etc. where more number of cases are involved, the highest value may be indicated.
5. PIN code No. of the Property	:	This is obvious. It is to be given for the Property and not for the Valuation Office.

Thus a number like 59.1: 9 : 02 : 2.70 : 638001 will indicate AVO-II at Coimbatore.

His Report No. 9 right from the inception of his unit.

Case referred for Income Tax Act.

Valued for Rs. 2.70 lakhs.

Property at Erode; Postal delivery district No: 1.

9. BINDING:

All typed pages and enclosures should be page numbered at the right top-corner and put in a nice cover and the whole stitched with staples at three places. On the cover sheet, Ref. No. and index to the contents should be given.

10. Keeping within the standard format, many more improvements can be made. There is no limit to quality of content and form.

Correctness

There should be correct and complete reference from the assessing officer. The following points to be noted carefully:-

- Name & complete address of the assessee and his property including his share should be given.
- Assessing Officer should record the value declared by the assessee and in its absence the amount which in the opinion of the A.O. represents the value of the property.
- A.O. should record that the assessment is pending before him.
- Section and Act under which valuation is required.
- Dates on which valuation is to be done should be mentioned.
- In case of WT, assessing officer has to record reasons in their file why the value of the property could not be assessed under Rule 3 to 7 of Schedule III before making a reference to Valuation Officer. Having made such record intimation to that effect shall be given to Valuation Officer while making the reference. In case it is not indicated by the assessing officer. Valuation Officer shall write back to Assessing Officer to confirm that such reasons are recorded before making a reference.

— In case of reference for cost of construction Assessing Officer should clarify that the books of accounts if maintained by assessee have been rejected.

Valuation should be true to the requirement of the act under which it was required.

For W.T., C.G., G.T. the fair market value and for I.T. Cost of investment in properties i.e. the money spent by the assessee on the construction and land, should be assessed.

Approach and method should be rational.

Normally there would be an appropriate method for a particular situation. For instance for owner oaccupied property, as vacant possession can be given to the buyer, land and building method would be appropriate. Similarly for rented property rent capitalisation method would be appropriate. When the building is partly occupied by owner and partly rented then both the methods can be applied for respective portions.

For determination of fair market value of commercial properties if compared to land and building method, the profit method indicates lesser value, then the former should be applied.

It should correctly reflect the real life situation. All factors affecting valuation should be considered, like

— Shape, size, location, low lying, allowable FAR etc., for land valuation.

— Type of foundation, specification, No. of storeys, standard of construction and finishing planning efficiency etc for building valuation.

— Lease hold or free hold.

— Under litigation or not.

— Title is clear or not: owner ship & possession.

— Tenanted or Self-occupied.

— Encroachment/unauthorised occupant exist or not etc.

— Valuation should be correctly done.

— The following points should be carefully noted.

— Plinth area rates should be correctly applied.

— Cost indices of relevant time & place should be considered.

— Extra items should be properly framed based on correct rates of materials and labour.

— For ascertaining comparable land values public auction or sale cleared by the Appropriate Authority should be considered more authentic. No reliance should be placed on sale instances of registration officer as there is no verification.

— It should be based on facts noted during inspection of property and facts intimated by assessee and verified.

— It should depict the property in simple terms bringing out the position on the date of inspection through a note.

— The detailed measurements and specification should be noted and got accepted from the assessee or his authorised representative for avoiding contradiction.

ACCEPTABILITY:

Valuation should stand the check of scrutiny. Assessess are generally not inclined to accept higher valuation and pay additional taxes without challenging the valuation in appeals. The following points should be noted carefully:-

Valuation should appear to be correctly and objectively done and able to so convince the appellate authorities. For this, technical matters should be explained in simple terms so as to be appreciated by the assessing officer and appellate authorities.

Valuation should be done by competent authority having requisite territorial jurisdiction and financial powers specified in Rule 3A of the W.T.Act, 1957.

Proper legal requirements should be met like issuing notices to the assessee, sending draft report inviting objections which should be carefully considered under W.T., G.T. & C.G. In case of rejection the reasons there of should be recorded. The objections accepted should also be recorded. Cases are lost on appeals on the plea that proper opportunity was not given to the assessee to present his view point.

Correspondence with the assessee should indicate that reasonable opportunity was given to assessee to submit the documents and to make other submissions.

It should be reasoned valuation. Reasons for ignoring any document submitted by the assessee should be recorded e.g. vouchers, valuation reports of registered valuers, bill of quantity of materials, accounts etc.

Similarly, the basis of methods adopted or guess made should be recorded in the files. Those would be helpful for defence in appeal.

Inadequacies in registered valuers reports usually found interalia are:-

— Usually the built up area is larger than the area shown in the sanctioned plan. Considering less area than actual construction leads to lesser valuation. Sometimes floors are missed.

- Materials consumed are accounted less than actual requirement.
- Fittings, of pipes, doors, windows are shown less than actually used in construction.
- Incorrect, arbitrary and unauthentic plinth area rates considered.
- Extra items are not considered or inadequately considered.

Valuation should be based on evidence and not based on irrelevant matters or matters that are arbitrary in nature or fanciful.

There should be transparency, uniformity, reasonableness and due opportunity given to the assessee to defend his submission.

PROMPTNESS:

Valuation report is valid during the pendency of the assessment. Promptness in completion of valuation is essential. Legal requirements needs that proper notices are served on the assessee and he be given reasonable opportunity to present his view point. In case non-cooperative or absentee assessee the second notice immediately after the expiry of the date stipulated in the first notice, be served through the assessing officer to fulfill legal requirement.

CHAPTER - 8

REVIEW

Review of valuation reports shall be done with a view to ensure their correctness, acceptability in appeals and adoption of uniform procedures.

At least 25% of the reports finalised by the AVOs shall be reviewed by their respective VOs. Similarly, at least 25% of the reports finalised by the VOs should be reviewed by the respective DVOs. Similarly, at least of 10% of the reports of the DVOs should be reveiwed by the Chief Engineer.

Review would improve the quality of valuation work done in a unit and should be given due importance.

Pro forma of Review Register is at Annxure 19.

CHAPTER - 9

APPEALS

When an appeal is heard by the CIT (Appeals) under section 23 of the W.T. Act 1957, and one of the questions involved in the appeal relates to valuation of any assets, done by the Departmental Valuation Officer, the CIT (A) is required to give a notice of hearing to the Departmental Valuation Officer under sub-section (3A) of the section 23 of W.T. Act 1957. Similarly, the Tribunal is also required to give notice to the Departmental Valuation Officer before disposing an appeal under section 24(5) of the W.T. Act 1957. CIT (Appeals) usually hear the Valuation Officer whose reports were considered by the assessing officers in case of cost of construction/investment.

Whenever intimated, the Valuation Officer should be present himself before appeallate authority duly prepared to defend the valuation after ascertaining the grounds of appeal. He shall also submit a written presentation containing his comments about the objections raised by the assessee on the valuation report irrespective of the fact that he is heard by the appellate authority or not. He should also submit a written request to the appellate authority requesting for a copy of the order. He should also ensure that copy of the order is received in his office.

In advisory reference of cost of construction, it is not mandatory in appeal to hear the Valuation Officer. They should therefore impress upon the assessing officers and appellate authorities to ensure that opinion of valuation officers is heard in appeals for proper appreciation of the valuation report. In case it comes to notice, that appeal has been decided without hearing the Valuation Officer and against the facts referred in the valuation report, prompt action should be taken to challenge it through CIT (charge).

In appeals, Valuation Officers act as technical officers rendering assistance to the assessing officers. They do not Act as witnesses and cannot be subjected to cross examination as has been decided in the courts.

In appeals valuation by Valuation Officer may be set aside if the requirement of good valuation report (Chapter 8) are not fully met with while framing the valuation reports.

Valuations are set aside in appeals interalia on the following grounds. Those should be properly attended.

— Reasons not recorded by the Valuation Officer for not accepting registered valuers report or assessee's own valuation or accounts of cost of construction and the vouchers.

— For not following State PWD schedule of rates or plinth area rates and instead adopting CBDT approved plinth area rates and CPWD schedule of rates, applicable for Delhi.

The schedule of rates are based on specifications and mode of measurement, CPWD schedule of rates and specifications are exhaustive and are complementary to each other. It is more realistic to follow them. In fact, with correct basic rates of labour and material, all schedule of rates should give identical rates following the same mode of measurement.

Cost Index of any place applied over the basic plinth area rates brings it at par with the prevailing PAR at that place. PAR adopted by CBDT are standard rates at a particular time over which cost index is applied for a difference in prevailing rate at different time.

Valuation finalised after assessment is complete, is not valid.

Assessing officer did not record that he had found the case fit for reference to the Valuation Officer.

Pro forma of appeal register is at Annexure. 20

CHAPTER - 10

CONCLUSION

It is imperative that all valuations are correctly done after giving due opportunities to the assessee of being heard. It should stand the test of appeal, Techincally and legally. It should also be done expeditiously.

For improving quality of valuation work, Valuation Officers at all levels should be encouraged to join training courses and participate in seminars. Each DVO Unit should have library containing standard books on valuation and other publications. A suggested list is given in Annuexure 17. Valuation Officer should be encouraged to go through the books. VOs having offices outside should maintain a similar library.

Group discussions should be held at the level of DVOs in the presence of all the Valuation Officers where queries and doubts can be freely discussed and difficult cases and judgements of appeal cases can be discussed. Such meetings should take place at least once in 6 months.

DVO should conduct training courses of one or two days duration for educating the freshers and refresh the seniors once in a year. Chief Engineer should organise meetings of all DVOs once in 6 months. Efforts should be made to standardise the valuation procedue to the extent possible.

Care should be taken about review of cases by seniors. Chief Engineer/DVOs should keep a strict watch on it.

For successful functioning of the Valuation Cell it is essential that there are sufficient references from the assessing officers. The CBDT in their circular had mentioned that each DVO, VO & AVO should finalise each year 90, 180 and 180 cases respectively. It is essential that valuation is done effectively, correctly and expeditiously. This would earn the confidence of the assessing officers. It is also essential that Valuation Officers should appraise the assessing officers about the functioning of the Valuation Cell and how it helps the assessing officers directly. Seminars attended jointly by Valuation Officers and assessing officers would be helpful and it need be seminars may be orgainised at regular intervals by the DVOs.

Under Income Tax Act, section 131 (1d), the Director General, Director, Deputy Director and Assistant Director of Investigation have got the powers to issue commissions not with: standing that no proceedings with respect to such person or class of persons are pending before him or any other income tax authority. As per the law, search and seizure cases are to be finalised within one year. Close liaisoning with the investigation wing would therefore be helpful to generate more cases on the Valuation. Mere presence of the expert Engineers of the Valuation Cell usually result in voluntary disclosure of appreciable higher amount invested in land and buildings. The Officers of the Investigation wing should therefore be made aware of the effectiveness of associating valuation officers in the search and seizure cases towards detection of under valuation of immovable properties.

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ANNEXURE 1

PRO FORMA FOR RECEIPT REGISTER

Serial. No.	Date of Receipt	Referring Officer	Assessee Details	Property Details	Asst. Year (Period of valuation)	Declared value in Lakhs	Cases (Properties)	Time Barring by	File No & Category of case	Value in lakhs: Preliminary valuation and Date of issue	Value in lakhs: Final Valuation & Date of issue	Remarks Report No. Difference in value of declared & assessed
1	2	3	4	5	6	7	8	9	10	11	12	13

ANNEXURE 1

PRO FORMA FOR RECEIPT REGISTER

Serial. No.	Date of Receipt	Referring Officer	Assessee Details	Property Details	Asst. Year (Period of valuation)	Declared value in Lakhs	Cases (Properties)	Time Barring by	File No & Category of case	Value in lakhs: Preliminary valuation and Date of issue	Value in lakhs: Final Valuation & Date of issue	Remarks Report No. Difference in value of declared & assessed
1	2	3	4	5	6	7	8	9	10	11	12	13

PLINTH AREA RATES AS ON 01-01-92

ANNEXURE-3

(Approved for use in Valuation Cell by C.B.D.T. vide file No. 319/6/92-WT dated 13.2.98)

S.No.	Description	Office/College/ Hospitals	Schools	Hostels	Residential
1.	2.	3	4	5	6
1.	R.C.C. Framed Structure:	Rates in Rs. per square metre			
1.1	R.C.C. Framed structure upto six storeys				
1.1.1	Floor Height 3.25 mt.	2920	2665	-	-
1.1.2	Floor Height 2.90 mt.	-	-	2740	2810
1.2	Extra for:				
1.2.1	Every additional storey over six storeys upto nine storeys	50	50	50	50
1.2.2	Every additional storey over nine storeys upto twelve storeys	75	75	75	75
1.2.3	Every 0.3 mt. additional height of floor above normal floor height of 3.35mt/2.90 mts.	125	125	125	125
1.2.4	Every 0.3mt. higher plinth over normal plinth height of 0.6 mt. (on G.F. area only)	125	125	125	125
1.2.5	Every 0.3mt. deeper foundations over normal depth of 1.20 mt (on G.F. area only)	125	125	125	125
1.2.6	Making stronger foundations to take load of one additional floor at a later date (on area of additional floor only)	365	365	365	365
1.2.7	Strip foundations in poor soil having bearing capacity less than 10 tonnes/sq.mt.	110	110	110	110

INSTRUCTION No. 1671

F.NO. 319/26/85-WT

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 6th Dec., 1985.

To

All Commissioners of Income-tax/Wealth-tax

Sir,

Subject :—Valuation Cell—Cases to be referred—Instruction regarding.

Reference is invited to Board's Instruction No. 365 (F.NO. 319/5/70—WT) dated Dec. 28, 1971 which enclosed a note on valuation by land & building method.

2. It would be seen that the data enclosed with Instruction No. 365 has become obsolete since long owing to flux of time.

3. With a view to facilitate valuation under the land & building method fresh data collected by the Valuation Cell is enclosed (Annexures I to IV).

3.1 Annexure I would indicate the latest Delhi plinth area cost with 1-10-1976 as basis for the type of structure/foundation/specifications, as enumerated in the end.

3.2 It is to be noted that the plinth area rates, the unit rates for additional items and for adopting richer specifications, the percentages for services as fixed by the D.G. (Work) CPWD, are based on detailed analysis of large number of completed works, and should not be *suo motto* reduced or altered by the AVOs/VOs/DVO, in normal situations, without detailed justification supported by complete and with comprehensive estimate.

3.3 Annexure II would indicate the working of the cost index of Delhi as on 13-3-84 at 274 with Delhi P.A.R. of 1-10-76 as 100.

3.4 Annexure III would indicate the latest approved building cost index of important cities and towns in India as on the specified dates.

3.5 Annexure IV would indicate the classification of structures based on physical robustness of construction, with expected physical life, Residual value and annual depreciation.

4. It may be borne in mind that the data collected by Valuation Cell is in the nature of broad guidelines and in its applications to individual cases it may vary on the facts of a particular case.

Yours faithfully,

(A.K. FOTEDAR)

Under Secretary

Central Board of Direct Taxes.

Copy forwarded to :—

1. All Directors of Inspection.
2. Director General (Special Investigation), New Delhi.
3. Director General, National Academy of Direct Taxes, P.B. No. 40, Nagpur.
4. Statistician (Income-tax)—5 spare copies.
5. Bulletin Section—5 Spare copies.
6. Registrar of Income-tax Appellate Tribunal.
7. Director of O&MS, Aiwan-e-Ghalib, Mata Sundri Lane, New Delhi.
8. C&AG of INDIA, New Delhi—25 spare copies.
9. Chief Engineer (Valuation), 11th Floor, Rohit House No. 3, Tolstoy Marg, New Delhi—6 spare copies.

S.No.	Description	Office/College /Hospitals	Schools	Hostels	Residential
1.	2.	3	4	5	6
	R.C.C. Framed Structure:	Rates in Rs. per square metre			
1.2.8	Resisting Erthquake forces	250	250	250	250
1.2.9	R.C.C. Raft Foundations	440	440	440	440
1.2.10	Pile Foundations upto a depth of 15 mts.	615	615	615	615
1.2.11	Stronger structural members to take heavy load above 500 kgs./ upto 1000 kg./Sq. mt.	190	190	190	190
1.2.12	Larger modules over 35 Sqm.	220	220	220	220
1.2.13	Termite Proof Treatment (on G.F. area)	75	75	75	75
1.2.14	Fire fighting	185	185	185	185
1.2.15	Operation Theatre (OPD) (Extra Provision)	475	—	—	—
1.3 Basement Floor:					
	Floor Height 3.35 mt. with normal water proofing treatment with Bituminous felt	4020	—	—	—
1.4	**Extra for Basements with :**				
1.4.1	Mastic Asphalt W.P.T.	440	—	—	—
1.4.2	Every 0.3. mt. additional height (above 3.35 mt.)	490	—	—	—
1.4.3	Reduction for every 0.5m less height of basement than normal height 3.35 mt.	(–) 280	—	—	—

S.No.	Description	Non-residential Office/College/Hospitals	Schools	Hostel	Residential Type I,II,III & Servant Qrs	Type IV Qrs	Type V and above
1	2	3	4	5	6	7	8
2.	Load bearing construction				(Rates in ruppees per square metre)		
2.1	Floor, height 3.35 mt						
2.11	Single storeyed	2595	2265	-	-	-	-
2.1.2	Double storeyed	2485	2120	-	-	-	-
2.1.3	Three storeyed	2595	2265	-	-	-	-
2.1.4	Four storeyed	2740	2375	-	-	-	-
2.2	Floor height 2.90 mt						
2.2.1	Single storeyed	-	-	2300	2010	2210	2375
2.2.2	Double storeyed	-	-	2020	1950	2145	2265
2.2.3	Three storeyed	-	-	2300	2010	2210	2375
2.2.4	Four storeyed	-	-	2410	2120	2330	2485
2.3	Scooter & cycle sheds	-	-	-	1825	1825	1825
2.4	Garrages	-	-	-	1715	1715	1715

S.No.	Description	Non-residential Office/College/Hospitals	Schools	Hostel	Residential Type I,II,III & Servant Qrs	Type IV Qrs	Type V and above
1	2	3	4	5	6	7	8
2.5	Extra for :						
2.5.1	Every 0.3mt. additional height above normal height 3.35/2.90 m	75	75	75	75	75	75
2.5.2	Every 0.3mt. heigher plinth over normal depth of 0.60 mt. (on Ground Floor area only)	75	75	75	75	75	75
2.5.3	Every 0.3mt. deeper foundations over normal plinth height of 1.20 mt. (on G.F. area only)	90	90	90	90	90	90
2.5.4	Making stronger foundations to take load of one additional floor at a later date (on area of additional floor only)	185	185	185	185	185	185
2.5.5	Foundations:						
2.5.5.1	Foundations on poor soils having bearing capacity less than 10 T/sqmt.	110	110	110	110	110	110
2.5.5.2	Foundations on poor soils requiring under reamed pile 6 mt. long	495	495	495	495	495	495
2.5.5.3	R.C.C. Raft foundations	440	440	440	440	440	440
2.5.5.4	Pile foundations upto a depth of 15 mts.	615	615	615	615	615	615

S.No.	Description	Non-residential Office/College/Hospitals	Schools	Hostel	Residential Type I,II,III & Servant Qrs	Residential Type IV Qrs	Residential Type V and above
1	2	3	4	5	6	7	8
2.5.6	Extra for Resisting Earthquake forces						
2.5.6.1	In zone V	185	185	185	185	185	185
2.5.6.2	More than two storeyed buildings In zone III & IV						
	a) With a design seismic co-eff greater than 0.06	90	90	90	90	90	90
	b) Design seismic coeff. equal to or less than 0.06	90	90	90	11	11	11
					(Extra cost covers full bearing of R.C.C. Slab only).		
2.5.6.3	Resisting earthquake force in zone I and II and less than two storey buildings in zone III & IV	Nil	Nil	Nil	---	Nil	Nil
2.5.7	Stronger structural members to take heavy loads above 500 kg/sqm upto 1000 kg/sqmt.	190	190	190	190	190	190
2.5.8	Larger modules over 35 sqmt.	220	220	220	220	220	220
2.5.9	Termite proof. treatment (on G.F. area only)	65	65	65	65	65	65
2.5.10	Fire Fighting	185	185	185	185	185	185
2.5.11	O.P.D. Operation Theatre etc.	475	—	—	—	—	—

Note : Rates for items are applicable on entire plinth area except for items :

1.2.4, 1.2.5, 1.2.6, 1.2.13, 2.5.2., 2.5.3., 2.5.4, 2.5.9.

S.No.	Description	Office/ College	Hospitals	Schools	Hostel	Type of Quarters I	II	III	IV	
1	2	3	4	5	6	7	8	9	10	
3	Services :				(Rates in rupees per square metre)					
3.1	Internal Water Supply & Sanitary Installations	4%	10%	5%	15% (with attached toilets) 10% with common toilets)	14600	15400	18300	22000	43800
						%age means percentage of Building cost				
3.2	External service connections	5%	5%	5%	5%	5%	5%	5%	5%	5%
3.3	Internal electric installations	12½%	12½%	12½%	12½%	10600	12000	14100	17100	32400
								Note : The above does not include service connection charge & electrification		
3.4	Internal electric installations for laboratories of schools.	—	—	15% of building cost.	—	—	—	—	—	—
3.5	Internal electric installations for terminal building and other allied structurres in airports	15% building cost.								
3.6	Extra for									
3.6.1	Power wiring and plugs	4%	4%							
3.6.2	Central Call bell system.	1%								
3.6.3	Lightning conductors									
	a) Up to 4 storeyed building	0.5%	0.5%	0.5%	Percentage means percent of Building cost.					
	b) 5 to 8 storey buildings	0.33%	0.33%	0.33%						
	c) Beyond 8 storeyed buildings	0.25%	0.25%	0.25%						
3.6.4	Telephone conduits	0.5%	0.5%	0.5%						

3.7 Lifts

S. No. Type of	Passenger Lifts Capacity : Persons	Weight	Speed in M/ Sec.	Travel	Doors	Control	Price (Rs. in lakhs)	Add Price for each additional floor (Rs.)
3.7.1 Passenger	8	544 Kg.	1.00	G+4	Power operated	AC VV	7.25	50,000/-
3.7.2 Passenger	8	544"	1.5	G +4	-do-	-do-	9.50	50,000/-
3.7.3 Passenger	13	884"	1.0	G +4	-do-	-do-	9.50	50,000/-
3.7.4 Passenger	13	884"	1.5	G +4	-do-	-do-	10.00	50,000/-
3.7.5 Passenger	16	1088"	1.0	G +4	-do-	-do-	9.00	60,000/-
3.7.6 Passenger	16	1088"	1.5	G +4	-do-	-do-	10.25	60,000/-
3.7.7 Passenger	16	1088"	2.5	G +9	-do-	-do-	29.00	60,000/-
3.7.8 " (Bed lift)	20	1360"	0.75	G +4	-do-	-do-	11.25	50,000/-
3.7.9 Passenger	20	1360"	1.5	G +4	-do-	-do-	14.00	60,000/-
3.7.10 Passenger	20	1360"	2.5	G +9	-do-	-do-	30.00	75,000/-
3.8 Goods lifts (2 speed)								
3.8.1	1 Ton	—	0.5 (0.50)	G +4			7.75	30,000/-
3.8.2	2 Ton	—	0.5	G +4			10.00	30,000/-
3.8.3	3 Ton	—	0.25	G +4			12.25	35,000/-

4. Water Tanks (RCC only)

Descriptions	Rates in rupee
4.1 Overhead tank without independent staging	4.75 per litre
4.2 Overhead tank upto staging height 20 metres	8.05 per litre
4.3 Overhead tank with staging height between 20 metres and upto 30 metres	9.15 per litre
4.4 Overhead Tank with staging height between 30 metres and 40 meters	11.00 per litre
4.5 underground sump	4.75 per litre

5.	**Development of site:**	**Rates per sq . m.**
5.1	Levelling	10.95 / sqm
5.2	Internal roads and paths	33.95 / sqm
5.3	Sewer	24.45 / sqm
5.4	Filter Water Supply	
5.4.1	Distribution lines 100 mm dia and below	17.90 per sqm
5.4.2	Peripheral grid 150 mm to 300 mm dia pipes	13.50 per sqm
5.4.3	Unfiltered Water Supply Distribution lines	10.20 per sqm
5.5	Storm water drains	29.20 per sqm
5.6	Horticulture operations	18.25 per sqm
5.7	Street lighting	
5.7.1	With flourscent lamps	14.10 per sqm.
5.7.2	With HPMV Lamps	18.75 per sqm
5.7.3	With HPSV Lamps	22.65 per sqm.

Note : Cost of HT substation and LT distributions is not included in above rates.

Note:

1. The rates are per sqm and are to be applied on the entire areas of the plot to be developed.

2. These rates will apply to normal conditions and normal layout plans. If any extras are required due to nature of layout involving filling, cutting or bringing services from large distances, then additional provision should be made.

3. Cost of bulk services (water supply, sewage disposal e.g.)

   i) Tubewells, Pumps, open wells, treatment plant, extension of lines from source of local bodies, head works at water source etc.

   ii) Sewage pumps, sewage treatment plants, septic tanks, extension of cut-fall sewer upto point of disposal etc. are not included in thes rates. Extra provision depending upon site conditions may be made for these.

SPECIFICATIONS FOR BUILDINGS NON - RESIDENTIAL

S.No.	Description	Item No.	Office	Hospital	Schools
1.	Foundations	1.1	Bearing capacity 10 tonnes/sq mt		
		1.2	Type-spread foundation-isolated/combined		
		1.3	Depth-upto 1.2 metres below ground level		
2.	Superstructures	2.1	RCC framed construction with filler walls in bricks work or load bearing construction in brick/stone masonry with intermediate columns where found necessary.		
		2.2	Internal partition in brick masonry		
		2.3	RCC Chajjas, fins, jalis etc.		
3.	Doors & windows	3.1	Frames of 2nd class Indian teakwood or equivalent or T iron frame, pressed steel frame as per CPWD Specification		
		3.2	Door shutters; Panelled type in 2nd class teak wood or flush door with commercial ply as per CPWD Sepcifications		
		3.3	Window shutters 2nd class Indian teak wood	Window shutters 2nd class Indian teak wood fly proof shutters for all doors and windows and iron grills for windows in ground floor shall be provided for which provision for extra rate will be made. or	Window shutters 2nd class Indian teak wood or Steel windows
		3.4	Fittings	Steel windows Anodised aluminium or equivalent.	

4.	Flooring	4.1	Main entrance hall terrazo tiles, kota stone and the like Lavatory blocks & corridors & some officers room Mosaic limited up to 25% of total area	Main entrance hall terrazo tiles, kota stones & the like. Lavatory blocks corridors & other rooms except stores weather maker rooms. etc mosaic flooring with dado upto 75" height. In corridors & upto sill level in other rooms. The flooring & dado to be limited to 50% in ordinary cement and 50% in white cement	Main entrance halls, stair-case lavatory blocks in site mosaic
		4.2	Rest of the area ordinary cement concrete	Rest of the area ordinary cement concrete	Rest of the area ordinary cement concrete
5.	Roofing	5.1	Filling for drainage lime concrete	Filling for drainage lime concrete	Filling of drainage lime concrete finish with brick tile
		5.2	Water-proofing treatment 4 course treatment finished with brick tiles	Water proofing treatment 4 course treatment finished with brick tiles	Water proofing treat-ment 4 course treatment finished with brick tiles
6.	Finishing	6.1	External-water proofing cement paint.	External water proofing cement paint	External water proofing cement paint.
		6.2	Internal -Officers rooms & important rooms such as Committee Rooms dry distemper to be limited upto 25% of the total area. Rest either colour or white whash. Main entrance hall plastic emulsion paint or the like.	Internal dry distemper in doctors room, operation theatre other important rooms, such as com-mittee room, X-ray room etc. Limited upto 25% of total area. Rest either colour or white wash. Main entrance hall, OPD Plastic emulsion paint or the like	Internal-entrancehall, principal room, Committe room etc. dry distemper. rest of the area white wash or colour wash
		6.3	Doors & Windows-Painting	Doors & Windows Painting	Doors & Windows painting.

RESIDENTIAL

Item No.	Type I,II,III & Servant Qrts	Type–IV	Type –V	Hostel
1.1	Bearing capacity 10 tonnes per square metre			
2.2	Type-spread foundation in RCC is olated /.combined, continuous wall footing with lean concrete.	Applicable to all (Note: Specification for Type -V under revision)		
1.3	Depth upto 1.2 metres below ground level.			
2.1	RCC framed construction with filler walls in brick work or load bearing construction in brick/stone masonry with intermediate columns where found necessary.			
2.2	Internal partition-half brick masonry in cement mortar 1:4			
3.1	Franes Ist Class kail wood or 2 nd class deodar wood or mild steel.	'T' Iron frames with	IInd class teak wood or 1st class deodar wood or mild steel.	
3.2	Shutter : a) Ist class kail wood or 2 nd class deodar wood	a) 35mm panalled shutters with first class deodar wood for all rooms.		
	b) wire guage shtters for kitchen doors only	b) 35mm panelled shutters with IInd class deodar wood for bath, W.C. Kitchen scooter shed & balcony.	2nd class Indian teak wood or commercial ply fush door.	Same as for Type-V
3.3	Fittings : Oxidised Iron	c) Aluminium fittings	Anodised aluminium in external doors internal doors oxidised iron	
3.4.	Peep hole andsecurity chain for external doors only.	Applicable to all...........		
4.1.	Mosaic flooring and skirting in 50% area and Kota stone work top in kitchen	a) Marble chips flooring with ordinary cement in all rooms, kitchen, internal circulation area, store, W.C. & Bath. b) Cement concrete flooring with matching skirthing in common circulation area, staircase.	Mosaic flooring in living room, dining drawing, bath & W.C. Rest Cement concrete.	Mosaic flooring the Entrance hall stair lavatory blocks, Rest cement concrete

Item No.	Type-I, II, III & Servant Qrts.	Type IV	TypeV	Hostel
		c) Kota stone slab for kitchen plateform.		
4.2.	Mosaic or white glazed dado in WC & bath (90/ 150cm)	d) white glazed tiles in WC, bath (90/150cm height) white glazed tiles dado for 60cm above work top of kitchen Platform.		Dado in lavatory blocks upto 2 meters high mosaic
5.3.	Mud phiska or lime concrete finished with tiles	Applicable to all..		
6.1.	External colour wash (only servant qrs)		External Colour wash.	colour wash.
6.2	Exrternal-water proof cement paint or washed stone grit plaster of exposed brick work (type I,II & III only)	a) Washed mosaic plaster in ordinary cement for external walls. b) Water proof cement paint on roof parapets (Inner side), soffit and inner fins of chajas etc.		
	INTERNAL			
6.3	Dry distemper in all rooms and synthetic enamelled paint on wood/steel work white washing on ceilings (type I,II,III only)	Dry distemper in drawing and dining space. White wash/colour wash in other rooms i/c stair case.	Distempering dining and drawing, bed rooms & study room and white washing in rest.	Distempering in enternace hall and white or colour washing in rest of the area.
6.4.	Internal. - White wash (in servant qrs.)			

REVISED SCALES OF ELECTRICAL FITTINGS FOR GENERAL POOL RESIDENTIAL QUARTERS

Sl. No.	Description	Type-I	Type-II	Type-III	Type-IV	Type-V
1.	Power Points	Three	Three	Three	Three (one in kitchen, one in drawing & one in dining room)	Four (one in kitchen, drawing, Dining & Bed rooms).
2.	Fans (Ceiling)	Two fans	Three fans	Four fans	a) Five points with five fans b) Exhaust fan in kitchen.	Seven points with five fans.
3.	Door call bell (Mini bazar)	One	One	One	One	One
4.	Power meter	—	One	One	One	One
5.	Electrical Meter	One	One	One	One	One
6.	Type of wiring	Recessed conduit wiring	Same as for Type-I	Same as for type-I	Concealed conduit pipe	Concealed conduit Pipe
7.	Telephone connection	—	—	—	One	One
8.	Light/Fans points i/c One call bell	Seventeen, One bell	Twenty One bell	Twenty three One bell	Twelve	Seventeen (To be finally approved after detailed, examination by CE electrical). for reduced plinth area
9.	Plugs points	—	Two	Four	Five	Seven
10.	Fluorescent light fitting excluding tube and starter	Two	Two	Three	Four (One each in bed rooms drawing rooms & dining rooms)	—
11.	Distribution Board with-MCBs		—	—	Yes	—

REVISED SCALES OF AMENITIES FOR GENERAL POOL RESIDENTIAL QUARTERS

BUILT IN FIXTURES

Sl. No.	Description	Type-I	Type-II	Type-III	Type-IV	Type-V
I.	**KITCHEN**					
i)	Open shelves in tiers not more than 400 mm wide along one wall 1" thick.	Yes	Yes	Yes	Yes	Yes
ii)	a) Sunken floor (in kitchen)	One	One	One	One	One
	b) Kitchen sink.	One Fibre glass sink with drain board.	Same as Type. I	Same as in Type. I	White glazed Kitchen sink be provided with drain board of same material as working platform.	(Same as for Ty.IV) —
iii)	Dado					
a)	White glazed tiles for 60 cm above work top and around sunken floor.	Yes	Yes	Yes	—	—
b)	Dado 1'-0" high along working platform and upto window sill level around sunk floor.	—	—	—	Yes	Yes
iv)	Built in cupboard with shevles & shutters (30 mm depth below window sill level of cooking platform along one wall.	—	—	—	One	One
v)	Cooking platform standing	Yes	*Yes	*Yes	*Yes	*Yes

Note: Unless the habits of the warrant they may not be provided in Type. I quarters.

*depending upon local habit of people.

1.	2.	3.	4.	5.	6.	7.
2.	**OTHER ROOMS**					
i)	Built in cupboard with shelves not exceeding 1100 mm in width	One	One shelf & one cupboard	3 No.	One in living room.	One in store
Cupboard :						
ii)	Built in cupboard with wooden shelves & shutters not exceeding 1100 mm in width.	—	One in one bedroom	One in one bedroom.	Two in Two bedrooms.	Three in three bedrooms.
iii)	25mm thick shelves (not more than 400 mm wide)	—	—	Yes in store room if provided.	Yes in store room if provided.	Yes in store room & in servant Qtrs. along one wall.
iv)	Storage space above cupboard in bed room (open)	—	One	One	One	One
v)	Judge eye in front door	—	—	One	One	One
vi)	Curtain rods	All rooms	All rooms	All rooms	Yes same as type. III	Yes with pelmets.
vii)	Set of pegs.	In bath & bed room.	In bath & bed room	In bath room	In bath room	In bathroom
viii)	Coal box	Yes	—	—	—	—
ix)	Curtain brackets.	Yes	Yes	—	—	—

REVISED SCALES OF SANITARY FITTINGS FOR GENERAL POOL RESIDENTIAL QUARTERS

Sl. No.	Description	Type-I	Type-II	Type-III	Type-IV	Type-V
			Sanitary Fittings			
1.	Indian type W.C. with overhead flushing.	One	One	One	One	1 + 1 (for servant Quarters)
2.	European type W.C. with high level flushing cistern.	—	—	—	One	One
3.	Wash basin with one tap each	One (550 × 450 mm)	One (550 × 450 mm)	One (550 × 450 mm)	One (18"×14" size) 450 × 400 mm	Two (22"×16" size) 550 × 400 mm
4.	Tap (kitchen, bathroom & W.C.)	Three	Three	3 + 1 (for sink)	3 + 1 (for sink)	5 + 2 (for servant qrts. one for inner fittings)
5.	Showers	—	One	One	One	Two
6.	Towel rail	One	One	One	One	One towel rail outside near the wash basin)
7.	Mirror	One	One	One	One	One
8.	Glass shelf 24" × 5" / or nitch depending upon thickness of wall where constructed.	—	—	—	One	Two
9.	Soap rack (nitch in WC/ Bath/Nitch)	One	One	One	One	One
10.	Storage tank	One	One	One	One	One
11.	Nitch with kota stone cill in bath room.	One	One	One	—	—

RULES FOR WORKING OUT PLINTH AREA FROM PLANS

In order to ensure the adoption of a uniform method of working out plinth areas from plans, the following rules are laid down. These rules are general in nature and should be taken as a guide. They are based on the fundamental principle that the plinth area of a building should present a true picture of the covered floor area provided in the plan.

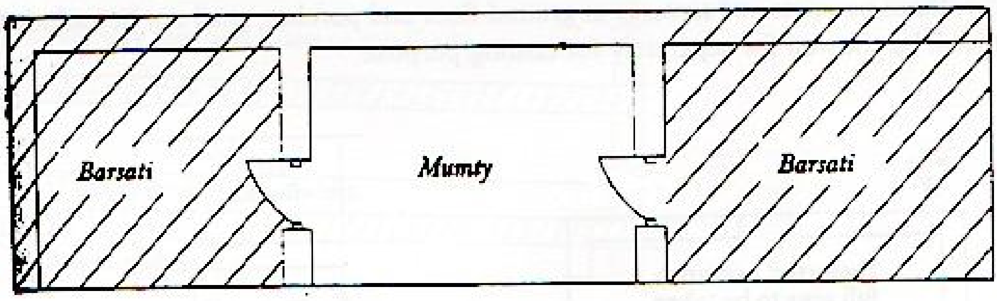
1. GENERAL

a) The total plinth area of a building shall be the sum total of the plinth areas at every floor including the basement, if any.

b) Internal sanitary shafts shall not be included in the plinth area in the case of a residential building at any floor level.

c) In case of non-residential building internal shafts for sanitary installations, airconditioning ducts lifts etc. shall be included in the plinth area at all floor levels.

d) The area of the mumty at terrace level shall not be included in the plinth area. If a Barsati is provided jointly with mumty then the area of the barsati excluding mumty at the terrace level shall be included in the plinth area as shown below in the hatched area.

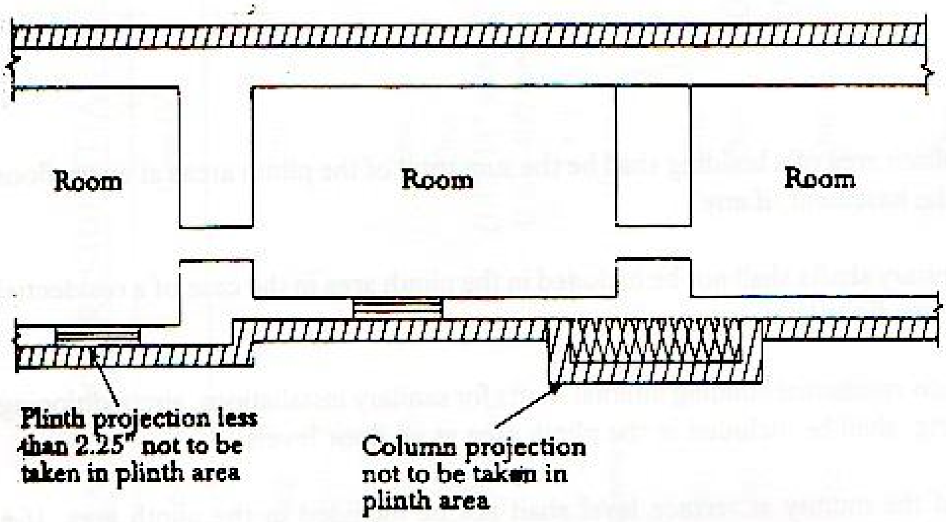


TERRACE PLAN

e) Towers, turrents domes projecting above the terrace shall not be included in the plinth area at terrace level, but shall be allowed for separately for costing purposes.

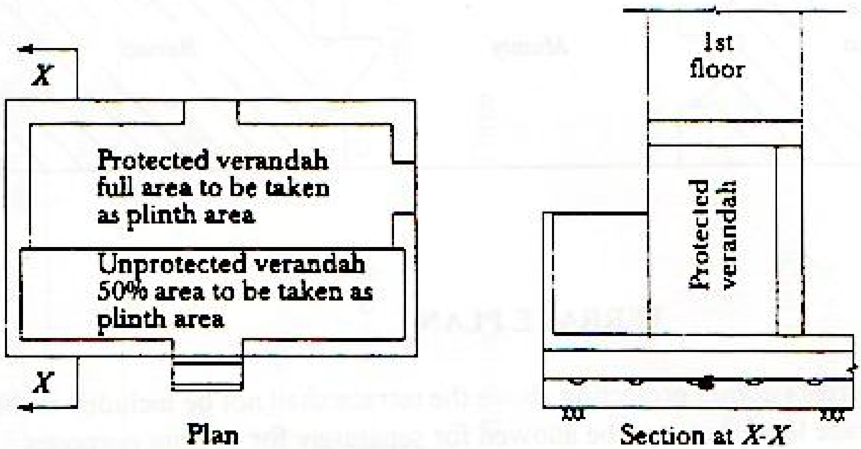
PLINTH AREA OF GROUND FLOOR

The plinth area of the ground floor shall be calculated at the plinth level excluding the plinth off sets provided such plinth offsets are not more than 2¼". In cases where the building consists of coloumn projecting beyond cladding, the plinth area shall be taken up to the external face of the cladding and shall not be included the projection of the columns.



Plinth area of ground floor

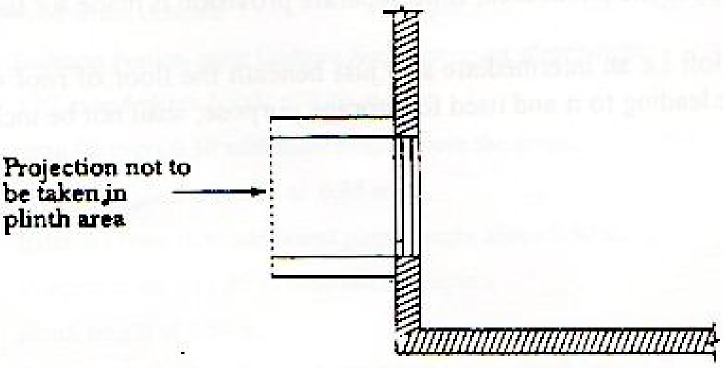
In case open verandah with parapets are protected at ground floor projecting out of the building, the full area shall be taken upto the outer line of the external verandah lintal and only 50% of the area shall be taken for the unprotected verandah on the unprotected portion of the varandah. Open platform without parapets and terraces at ground floor and porches, shall not be included in the plan area but shall be allowed for separately for costing purpose.



Plinth area of ground floor with projecting verandah

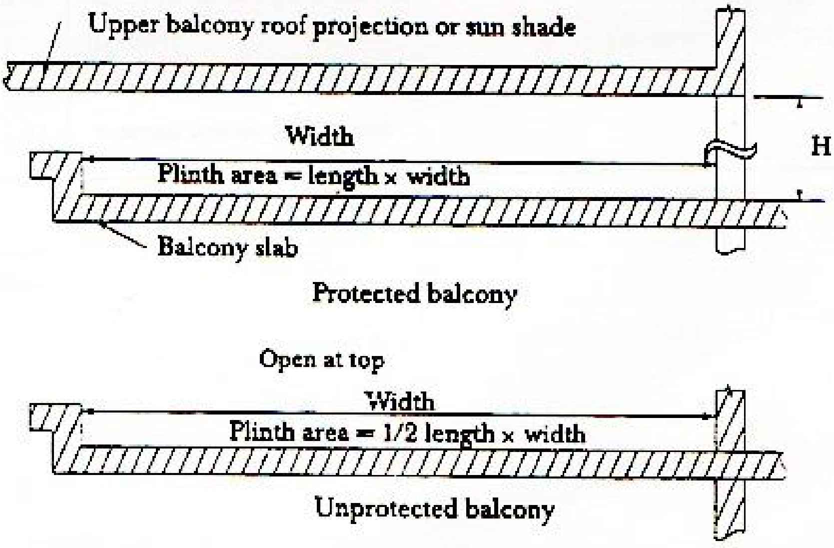
PLINTH AREA AT FIRST AND HIGHER FLOORS

The plinth area of first and higher floors shall be calculated at the relevant floor levels. Architectural bands, etc. shall not be included in the plinth area even though they may occur at the floor level, Vertical sun breakers or box louvers projecting out also shall not be included in the plan area. See illustrative sketch below:



Box, chajjas, Louvers, etc. (section)

In the case of projecting balconies protected to their full width by sun shades, full width roof projections or by upper balconies, their full area shall be included in the plinth In the case of unprotected balconies equivalent area to the extent of 50% of the area of the balconies shall be included in the plinth area. See illustrative sketch given below:



Plinth area at first and higher floors (protected/unprotected balconies)

IV. GALLARIES, MEZZANINES- FLOORS, LOFTS

a) Area of galleries i.e. upper floor of seats in an assembly hall, Auditorium, theatres, etc. shall be fully included in the plinth area.

b) Area of mezzanine floor i.e. an intermediate floor introduced between two main floors, shall be included in the plinth area, If no separate provision is made for the same.

c) The area of a loft i.e an intermediate slab just beneath the floor of roof without any direct staircase leading to it and used for storage purpose, shall not be included in the plinth area.

PLINTH AREA RATE OF FOOD GRAIN GODOWNS AS ON 1.6.86

Sl.No.	Description of Item	Rate
1.00	Food Grain Godown	
	Building Portion-main Godown Single storeyed, clear height 5.60 m and plinth height of 0.80 m	Rs. 570.00/Sqm.
1.10.01	extra for every 0.30 additional height above the height of 5.60 m upto the height of 6.35 m	Rs. 6.40 /Sqm.
1.10.02	Extra for every 0.30 additional plinth height above 0.80 m.	Rs. 20.00/Sqm.
1.10.03	Covered platform 3.05 m wide rail side upto a plinth height of 0.80 m.	Rs. 462.00 Sqm.
1.10.04	Covered platform 2.45 m wide road side upto a plinth height of 0.80 m.	Rs. 535.00/Sqm.
1.10.05	Open platform 2.45 m wide upto a plinth height of 0.80m	Rs. 312.00/Sqm.
1.10.06	Extra for every 0.30 m deeper foundation over normal depth of 1.2 m.	Rs. 9.00/Sqm.
1.10.07	Extra for foundations in poor soil having bearing capacity less than 10 T/Sqm. or in black cotton soil.	Rs. 15.00/Sqm.
1.10.08	Extra for termite proof treatment	Rs. 40.30/Sqm.
1.11	Services:	
1.11.01	Internal Electrical Installations	5% of the Building cost
1.11.02	External service connections	5% of the Building cost.

SPECIFICATIONS FOR FOOD GRAIN GODOWNS : MAIN GODOWN AND ISOLATION SHEDS

1.0 Foundation:

1.1 Bearing capacity not less then 10 tonnes per Sq. metre

1.2 Type: Spread foundation for wall footing and isolated coloumn footings for RCC coloumns.

1.3 Depths upto 1.2 metre below ground level.

1.4. Plinth : average 0.800 metre above ground level.

2.0 Superstructure:

2.1 All walls viz : longitudinal panel walls, gable walls and partition walls in brick/stone masonry with intermediate RCC columns and beams where necessary. Single storeyed construction with clear height 5.6 m for floor level to truss bottom member level.

3.0 Doors and windows:

Rolling shutters in door openings, steel windows and ventilators with expanded metal, wire mesh etc.

4.0 Flooring:

4.1.1 175 mm C.C. 1:5:10 in two layers with bitumen coat in between over 230 mm sand filling for main godown.

4.1.2. 125 mm C.C. 1:5:10 in one layer over 230 mm sand filling for platforms.

4.1.3 50 mm C.C. 1:1.5:3 wearing coat.

5.0 Roofing:

Tubular trusses/structural steel trusses with A.C. sheets, Rail side platform will have in addition rain water gutter, downtake pipes, covered drain etc.

6.0 Finishing:

6.1 Internal walls will have plastering and white wash. external walls will have plastering and colour wash or painting.

6.2 Doors, windows and ~~tursses~~ will have painting.

trusses

ANNEXURE - 4A

PRO FORMA FOR CALCULATIONS OF COST INDEX FOR FOOD GRAIN GODOWN

Sl. No	Description	Unit	DSR 1985 Rates	Rates at station at the time of Revising Cost Index	Percentage Increases	Weightage	Cost Index	Remarks
1.	Brick	1000 Nos.	320.25			11.10		
2.	Sand	Cum.	46.99			4.60		
3.	Cement	Qtl.	103.31			19.40		
4.	Aggregate	Cum.	94.62			5.10		
5.	Timber	Cum.	3681.98			1.00		
6.	Steel	Qtl.	632.81			9.10		
7.	Tubular Truss	Qtl.	916.64			24.20		
8.	A.C. Sheet	Sqm.	51.01			13.30		
9.	Mason	Each	22.50			2.60		
10.	Carpenter	"	22.50					
11.	Coolie/Beldar	Each	13.60			7.50		

ANNEXURE - 5

(PRO FORMA FOR CALCULATION OF COST INDEX)

Sl. No.	Description	Unit	Rate as per 1.1.92 plinth area rates	Rate at the time of revistion of cost index	Weightage
1.	Brick (class 75 of CPWD specifications)	1000	800.00	—	16.00
2.	Sand (66.67% coarse sand, 33.33% fine sand of CPWD specifications)	Cum	146.60		4.00
3.	Coarse Aggregate 50% 20mm nominal size 50% 40 mm nominal size	Cum	185.00		4.50
4.	Cement (ISI) marked(OPC) Store issue rate i/c cartage of 5 KM average lead.	Quintal	213.28		19.00
5.	Timber in scantling 25% IInd class teak wood 75% Kail / No. 11 lock/Bijasal	Cum	12334.00		9.50
6.	Steel (store issue rate i/c cartage of 5 Km lead) 50% (Tor steel 8 mm & 10mm)50% (Tor steel 12mm & 16mm)	Quintal	1342.50		23.50
7.	Mason (Average rate of Ist and 2nd class)	Each	55.71		8.00
8.	Carpenter (Average rate of Ist and 2nd class)	Each	55.71		3.50
9.	Belder (Average rate of Ist and 2nd class)	Each	34.30		12.00
					100.00

PRO FORMA FOR SALE INSTANCES REGISTER

1. Source of information: **ANNEXURE-6**

a) Appropriate Authority :

i) Register Volume No. :

Page No. :

Sl. No. :

ii) File No.

b) Sub-Registrar's Office :

i) Name of SRO's Office :

ii) Index Register Vol.No. :

Document No. :

c) HUDA Auction/ Builders Advt. :

i) Name of Newspaper :

Date :

ii) Reference to Advt. File :

2. Details of Property/Zone :

3. Transferor/ Transferee :

4. Date of Transaction :

Amount of Consideration :

SRO's market value :

5. land cost in Rs. per Sq.yd :

i) Land Area in sq.yd :

ii) Built up area in sq.ft. :

iii) Year of construction :

iv) Depreciated value of building :

v) Salvage value of building :

vi) Land cost of vacant plot :

vii) Salvage value method :

6. i) FAR permitted :

ii) FAR Achieved :

iii) Frontage :

iv) Year of construction :

v) Total land area in sq.ft. :

vi) Undivided share of land area :

vii) Super built up area in sq.ft flat rate:

7. Brief specification of building :

8. Remarks :

Note: The advantages and disadvantages of a particular property are to be mentioned.

BROAD SPECTRUM CLASSIFICATION OF STRUCTURES BASED ON SPECIFICATIONS, WITH EXPECTED ECONOMIC LIFE AND RESIDUAL OR RESERVE VALUE OR SCRAP VALUE

Type	Brief Control Specifications	Illustrative Example	Expected Life	Residual value & Depreciation percentage
Class I(A) (Special Monumental) (Permanent)	Monumental type of Building with foundations designed for full wind load/ seismic forces for full development, usually of ornamental or ashlar stone masonry first class brick in cement mortar walls, load bearing or cladding, with necessary supporting steel or RCC structural core, RCC beams/slabs/terrace slab, first class terracing with water-proofing, integral cement based type or other standard methods, flooring of superior type with large measure of kota stone/marble work, besides marble flooring and glazed tile dado in bathrooms/ kitchen, plastered or pointed with cement mortar, doors and windows being of seasoned teak wood or standard rolled steel sections with high quality electrical conduit wirings and light/fan/plug/TV / telephone points/ sockets, standard sanitary fittings with European type flush closet, hot water plumbing, concealed fittings, and superior finish for exterior like snowcem/ pebble dash etc. where required, and distemper/plastic emulsion painting inside, with woodwork French spirit polished, and with anodozied superior quality door fittings or oxidized brass, built in cupboards, wardrobes using kiln seasoned selected teakwood frames and teak-panel shutters using phenol formal dehyde glue pressed teak venecred particles boards etc.	Present modern high Rise office Bldgs. in the business sector, private housing for top class executives V.V.I.P.s., bldgs of monumental importance like National Museum National Library, Nehru Planetarium Tata auditorium for performing Arts, Parliament House, North and South Block, Rashtrapati Bhawan, etc.	120 to 150 years	Reserve/Residual-10 to 15% depending upon quantum of stone masonry provided Annual Depreciation 0.65 to 0.70%
Class I (High quality) (Permanent)	Same as in Class I(A) but with lesser quantum of ashlare or other fine dressed stone masonry and ornamental finishing, and lesser quantum of marble flooring.	All modern high rise office bldgs. in Commercial sectors, high rise high income Group flats, Govt. high rise office bldgs. all private posh houses in posh colonies like Vasant Vihar etc.	90 to 110 years	Reserve value 10% 0.9 to 1% Depreciation.
Class II Permanent	Standard RCC framed or steel core framed bldgs. built by Govts for their general offices/officers flats/hospitals/ Institutions etc. Same specification as Class I on structural side, except that flooring would be of precast mosaic tile or cast in situ mosaic except in public places like foyer, bath rooms/toilet with marble flooring PP rooms, storage, old records with ordinary cement concrete flooring, and finishing interior with white/colour washing generally except	Ayakar Bhawan, Krishi-Bhawan, Udyog Bhawan, DGPT Bldg. Multi storeyed flats in RK Puram and Shajahan Road etc.	80 to 90 years	Reserve value 10% Depreciation 1.1 to 1.20%

	selected public places with dry distemper, doors and windows of standard rolled steel section or second class seasoned teakwood doors shutters with oxidized iron or standard type aluminium fittings, with conduit electrical wiring but with standard type switches, plugs and sockets and electrical fixtures; with standard type sanitary plumbing and sanitary fittings with Indian and European type W.C. in 2:1 ratio, exterior and interior finished with cement plaster of suitable thickness (12mm on smooth side of brick work and 15mm on rough side of one brick thick (walls) and standard terracing (integral type or with lime concrete.)			
Class III (A) (Permanent)	All standard buildings built by Housing Boards & Govt. deptts. for higher income group, with traditional load bearing const. where good quality bricks are available and usually limited to 4 or 5 storeyed without use of lifts using second class bricks of not less than 50 Kg. per sq cm crushing strength in cement/lime or cement mortar with RCC beam and slab flooring/roof, with lime concrete terracing or mud phusha with terracing bricks tiles on top laid in cement mortar, inside and outside plastered in cement/lime or cement mortar, with door and window frames of rolled steel sections deodar wood frame and panel inserted of 12 mm thick phenol formal dehyde glue pressed particle board veneered for outside and bath/kitchen, and unveneered in other places and cupboard shutters, ordinary type of plumbing with utility type urinals, W.C. and wash basins with standard type bib/stop cocks and other fittings, electrical wiring/partly concealed (risers) and a partly open with usual type switches, plugs, sockets, standard type G.I. piping and fittngs and finish of colour wash outside and whitewash inside, flooring to be of cement concrete 35/40 mm thick except in bath, kitchen, toilet where cast in situ mosaic flooring be provided. (All work in cement or lime/cement mortar)	General type of bldgs. put up common public, by housing Boards for Group Housing for middle income group CPWD/MES built houses/load bearing office bldgs. in Delhi etc.	60 to 80 years.	Reserve value 10% Depreciation. 1.25 to 1.5%
Class III (B) (Permanent)	Same as above but mortar mix being slightly leaner and roofing/flooring being of precast RCC web beams and integral floor slab and thinner sections for doors/window frames and shutters.	As above including housing for lower middle and low income group.	50 to 60 years.	Reserve value 10% Depreciation 1.75 to 2%.

Class IV (Semi Permanent Type)	Mostly of load bearing bricks/ stone covered rubble construction in lime mortar or lean cement mortar (or) with tubular steel portal frames and filler walls of brick/stone work in lime mortar roofing of precast RCC slabs or beams and slabs or dressed sand stone slabs over RCC/steel; joists, terracing of mud phuska with bricktile in cement mortar on top, door & window frames of steel sections & door shutters of second class deodar wood (secondary species timber) with oxidized iron fittings, plastering outside, and inside in lime cement mortar, whitewashing inside and colour washing out-side, with open conduit wiring, ordinary type switches/ CI switch box/plugs/ points/ordinary type lighting shades, standard H.C.I. pipeing shades, standard H.C.I. plumbling with Indian type W.C., standard G.I. water supply piping standard G.I. water supply piping with fittings, and wall type water meter box, ordinary cement concrete flooring 35 mm thick (or) dressed sand stone flooring joints cement pointd etc.	Houses build in D.I.Z. / Minto Road area in 1930 & Second World War structures Rehabilitation colony housing etc.	40 to 45 years	Reserve value 10% Deprreciation 2.2 to 2.5%
Class V (Temoporary)	Purely of temporary nature with load bearing brick masonry in mud mortar, pointed outside in Cement mortar, inside unplastered with joints flush pointed in cement mortar on plastered in lean cement mortar sometimes, with core of steel tubular coloumns and trusses with thinner cladding walls (half brick thick) soft wood rafters and dressed sandstone slabs on top for roof and intermediate floor, door & window frames and shutters of seasoned secondary species (soft wood) timber with oxidized iron fittings, flooring of brick on edge or flat brick or dressed stone slabs etc.	Second World War hutments. Rehabilitation/ houses in Lajpatnagar sector 8 etc.	20 to 25 yrs.	Reserve value 15% Depreciation 3.5 -4%.
Industrial commercial trussed Roof class A type	Generally of large sheds/godowns with load bearing bricks/stone masonry in cement/lime cement/ RCC column/steel built up section/tubular steel columns in between (where brick work is unable to support the roof truss above), with prefabricated tubular steel/steel built up section trusses with rafter level and tie level bracings, roofing purlions C.G.I. or A.C. Sheet roofing on top, with wind ties, with doors and windws frames of rolled steel sections and door shutter of heave duty, sound proof, lagged	Normal food grain godowns, press sheds, industrial Training Instt. workshop sheds etc.	45 to 50 yrs.	Reserve value 15% Depreciation 2%

	teakwood shutters, heavy duty cement concrete flooring in general, with pre-cast mosaic tile flooring with similar dado for bathrooms/toilets, with open conduit wiring for the main wiring and looping on batten system etc., as for godowns factory storage sheds with heavy duty flooring.			
B Type	As above but use less intensively as in Cinema Theatres.	Cinema Theatres	50 to 60 yrs.	Reserve value 15% depreciation 1.5 to 1.75%.
Special (semipermanent)	There are structures called semipermanent (SP Type) constuctions in hilly areas in the North Eastern Region, comprising of boulder / rubble masonry foundation and walls in cement mortar upto plinth level, with RCC column at the corners/suitable spacing, with tie memebr at plinth/ lintel roof level and timber/steel tubular trusses and C.G.I. sheet/AC Sheet roofing, and side walls of precast stone masonry blocks or precast hollow/solid cement concrete blocks laid in cement mortar, cement pointed outside and cement mortar plaster inside, with seasoned hollock wood frames and shutters for doors and windows with standard type oxidized iron fitting,s flooring with 4 cm thick local first class timber planking with tengued and grooved joints over solid plinth with lean cement concrete sub-base; with 6 mm thick plywood false ceiling painting etc.	Usually done in Arunachal Pradesh Meghalaya, Mizoram, Manipur, Tripura, Nagland and parts of Assam		Reserve value 15% Depreciation2.25%
Special (B)	Same as above, but with hill type const. (i.e.) wooden plank flooring over solignum painted wooden runners supported on cement concrete pillars upto plinth height, with walls of local Ekra or split bamboo wattle base with cement mortar on both side and with 6 mm thick plywood false ceiling, painting etc.	As above	30 to 40 years	Reserve Value 15% Depreciation 3%

ANNEXURE-8

Form No. NS.1.1

REFERENCE TO VALUATION OFFICERS FOR DETERMINATION OF FAIR MARKET VALUE OF PROPERTY UNDER SECTION 16A OF THE WEALTH TAX ACT/SECTION 15(6) OF THE G.T. ACT/DETERMINATION OF INVESTMENT IN CONSTRUCTION UNDER SECTION 133(6).

From

ASSESSING OFFICER

____

____

To

DVO/VO/AVO

____

____

Subject:

The undermentioned case(s) are hereby referred to you for determination of the fair market value of the asset on the relevant date(s) as indicated/investment in construction.

1. Particulars.

1.1	Name and complete address of the assessee. (Give telephone No. if any, available)	
1.2	Name and complete address of the Chartered Accountant or Lawyers or Accountable Person, dealing with the case. (Give Telephone No. if available)	
1.3	Description of the asset/property giving exact location of the property and the extent of assessee's share in the asset/property.	
1.4	Whether valuation of Plant and Machinery is also required, if yes,whether as separate reference has been made directly to V.O. (P&M) or the same is attached with this reference.	Yes/ No

ASSESSMENT YEAR	VALUE/INVESTMENT RETURNED BY THE ASSESSEE FOR HIS SHARE

1.6 Value/investment estimated by the Registered Valuer, if any.

1.7 If the asset was acquired within 5 years prior to the date of valuation, the declared cost of acquisition/construction and the date, period of acquisition/construction.

1.8 Section and Act under which reference is made

Section 16A of the W.T.Act/ Section 55A of the I.T. Act/ (for assessment of capital gains) Section 15(6) of the G.T. Act/ Estate Duty Act (Advisory case). I.T. Act u/s 133(6) (Score out whichever is not applicable)

1.9 Date for which valuation is required.

2. a) It is certified that the assessments for the period relevant to the above mentioned valuation dates have not yet been finalised.

b) The case is referred to V.O. u/s 16(A) read with rule 8(a) 8(b)/8(c) and rule 20(2) of schedule III of Wealth Tax Act 1957.

c) Certified that necessary details for making reference under rule 8(a)/ 8(b)/8(c) are recorded in A.O's office.

d) Certified that in case of investment in construction the books of accounts have been rejected for reasons recorded in A.O's file.

e) The assessment is likely to get time barred on_______________

3. In case of reference of working out investment in construction. Commission under sections 131 (d) of 1. tact 1961 is hereby issued.

4. The following documents are enclosed.

   i) Registered Valuer's report.

   ii) A set of plans of the property.

   iii) A list of tenants and the rents payable by them on the date of Valuation, as filed by the assessee.

   iv) Income assessed in respect of self-occupied portion, if any.

   (score out whichever item is not available)

Signature of assessing Officer.

ANNEXURE-9

Office of the.......

To

Sir/Madam(s),

Sub: Determination of cost of construction of property.

....

The______ vide his/her letter No.__________________ dated _______________ has referred to me to determine the cost of construction of the above property. You are requested to furnish the following particulars/ documents for valuation:

1) Architectural drawings of the building showing plans, elevations, sectional details, etc. and other details like details of doors/ windows/ cupboards, etc...

2) Structural drawings of the building giving details of foundations, details of walls, details of reinforced cement concrete members like footings, columns, beams, slabs, staircases, etc..

3) Detailed services drawing giving details of water supply & sanitary installations & electrical installations provided in the building.

4) Date of commencement & completion of the building with proof.

5) Details about method of construction of the building, i.e. whether by contract by engaging a contractor or by personal supervision by purchasing materials and engaging necessary labour directly.

6) In case the work was done by engaging a contractor, copy of the agreement concluded with the contractor alongwith copies of bills paid to the contractor.

7) In case the work was got done under personal supervision, copies of bills in respect of various materials purchased for the work & vouchers in respect of payments made to the various labourers engaged in the work.

8) Statement giving the quantities of various materials like brick, sand, aggregate, cement, steel & all other materials used in the construction & the expenditure incurred on them along with details of books of accounts for the same.

9) Year-wise expenditure of the construction during the period of construction.

10) Expenditure incurred for preparation of architectural & structural drawings, supervision charges paid to the Architect and Engineer.

11) Expenditure incurred for obtaining the sanction for the construction from the local bodies.

12) Copy of Registered Valuer's report, if available.

13) Expenditure incurred on water proofing treatment and anti termite treatment.

14) Any other details available, and which is to be referred to for determining the cost of construction.

The above details may please by filed on or before

Alternatively, the same may be kept ready on

Please note that the inspection of the property is fixed on You are requested to make necessary facility for inspection of property.

Yours faithfully,

VALUATION OFFICER.

Copy to A.O. for furnishing the copy of Valuation reports /Books of account etc. if available with him.

VALUATION OFFICER.

ANNEXURE-10

Regd./Speed Post

SAMPLE PRO FORMA FOR NOTICE FOR INSPECTION TO THE ASSESSEE

F.No.

Office of the

Date:

To,

____

____

____

Sub : Valuation of Property ______________________________
____

Ref: ______________________________from__________
____

I will be inspecting your above mentioned property on --------------------. You are requested to attend this office at ---------------a.m. on the said date for identifying the property and to be present for inspection or depute your authorised representative to be present with all documents concerning the property and balance information/document yet to be filed in response to this office letter no. --------------------. You may have your technical representative or registered valuer present for inspection to record measurements and specifications jointly to avoid any dispute on this account at a later date. Please note in case no technical persons is called by you it will be presumed that you do not feel any necessity for the same and you will yourself or your authorised representative will accompany us for joint measurements and recording of specifications of your property for acceptance.

VALUATION OFFICER

Copy to Assessing Officers for information and necessary action.

ANNEXURE -11

COMMISSION FOR LOCAL INVESTIGATION UNDER SECTION 131 OF THE INCOME TAX ACT, 1961 READ WITH ORDER 26 RULE 9 OF FIRST SCHEDULE TO THE CIVIL PROCEDURE CODE, 1908.

Date:

To

Sub:

Points for Investigation : Evaluation of cost of construction

1. WHERE AS it is deemed requisition, for the purpose of the assessment of the above named person to Income Tax that a Commission for local investigation/ calling for documents and inspecting the property, etc.. to be issued, you are hereby appointed Commission for the purpose.

2. While acting under this Commission, you are authorised to exercise all powers of Commission under Rule 16 or Order No. 26 of the First Schedule to the Civil Procedure Code, 1908 read with Section 131 of the Income TAx Act, 1961.

3. Process to compel the attendance of the witness, production of documents etc. may be issued by you.

4. You are requested to submit your report with the necessary enclosures, if any to me immediately after the investigation is completed.

5. Given under my hand and Seal of this office on this Day of 19 .

VALUATION REPORT FORMAT

The following is the general format under which valuation report is to be presented.

REFERENCE

The sub-paras under reference are:

Referring Officer:

We should indicate clearly the Assessing Officers/Investigating Officer from whom it is received.

Purpose:

The exact purpose for which reference is made may be detailed such as cost of investment for a particular period, fair market value on a particular date and share value/right/part of the asset which is to be valued.

Act:

Here we should specify the exact section and the Act under which reference is made.

ASSESSEE

Name:

Address:

Notices issued to him indicating the Exact details called for

Data given by him/valuer in response to notices issued

Date of inspection: Here we should mention the exact date of inspection and mention the witness who was present from assessee's and also department side during inspection.

PROPERTY

Name : Wherever the names are given, it should be mentioned otherwise the usage can be mentioned such as residential house etc.

Town/Area/Street :

Survey No. :

Property No. :

Assessee's Interest : We should mention the exact interest which the assessee holds in the property like divided share/undivided share etc.

Declared value : To be given for each valuation date. Value/cost arrived by registered valuer.

DESCRIPTION

Ownership history: : This can be taken from the documents obtained from the assessee or from the details collected during inspection.

Land area, Frontage and depth:

Building area : (Floor wise)

Various interest : Here we should mention the mode of the ownership of the asset, i.e. whether owned by a single person or jointly owned and who are the joint owners and their various interests in the property.

Table/Period of construction: Here we should clarify the period of construction for each building if there are a group of buildings constructed on various dates with evidences.

Table/Ownership user or tenancy: Here on each valuation date we should mention about the usage whether it was self-occupied or tenanted etc.

Specifications: Here detailed clear specifications should be given sub-head wise including the external and internal services.

Sketch: Every report should contain a drawing (of the same size as the page of the report or properly folded to the same size). This may be even a sketch, roughly to scale, giving locational details and whatever other details are considered relevant or necessary. The north line should preferable point towards the top of the drawing. Simple lettering should be used and title should be brief but clear.

METHOD

Reasons for adoption: Here we should mention briefly but clearly why we adopt one method in preference to other methods of valuation. If the reasons are given crystal celar, it will be very useful in further appeals etc. if any.

RATES

a) Land rate/Table: Sale instance: Here we should give all comparable sale instances giving all relevant details. I/C source of sale instance.

Pros and Cons: Each sale instance property should be briefly detailed and compared with the property under valuation. All the pros and cons should be brought out and land rates derived for the property under valuation.

b) Plinth area rates: While explaining the plinths area rates we should not mention that rates are as per CPWD rates. It should be mentioned that these are the rates approved by government of India and approved by CBDT. We should also discuss why we are not adopting State PWD rate, why we enhanced the rate by Cost index and also why extra items are added over and above plinth area rate.

c) Additional items: Here we should mention all the items not covered by normal plinth area rates adopted.

Standard, market, maintainable and future rents: If we are valuing a fully tenanted property and if we are adopting rent capitalisation method of valuation we have to mention what rents are adopting and reasons for adopting that rent, for capitalisation.

d) Outgoings under different heads.

e) Depreciation, sinking fund, capitalisation-Here we should briefly mention the dpreciation, percentage adopted giving a note on the life of the building. For machineries etc.. the percentage adopted for sinking fund should be mentioned. A brief mention of the capitalisation percentage should also be given with reasons.

Comments on Registered Valuer's Valuation Report, Comments on valuation should be given if filed by the assessee or given by the referring offfcial. Similarly comments on the other documents from assessee i/c accounts be given.

PRELIMINARY VALUATION (only for statutory cases)

Amount : Here we should give total amount of valuation worked out as in the Annexures.

Intimation to the assessee: Here reference should be given regarding the notices given to the assessee calling for objections. Any extension of time given for filing objections should also be mentioned.

Response from the assessee: If there is no response after giving sufficient time for filing objections the same may be mentioned. In case the objections are filed or personal hearing attended, the same should be reported.

OBJECTIONS (only for statutory case)

Objections and replies: Objections have to be sorted out para-wise and detailed replies to all objections should be given objection-wise.

FINAL VALUATION

Final rates: Here we should mention the final rates adopted after meeting the objections from the assessee.

Amount : The final valuation amount should be mentioned herewith qualifications.

ORDER

Here we should mention the original reference from the Assessing Officer and we should mention about the declared value, preliminary valuation issued, objections filed etc.. The final orders should be clearly written with qualifications if any.

ANNEXURES

The Annexures are the working sheets of valuation. They should contain the valuation of each building. Abstract can sum up all the building valuation along with the value of land.

The description of the portion of the building should be given briefly and clearly for the plinth area rates adopted.

The additional and extra items not covered by the normal plinth area rates should be given separately under 3 sub heads i.e. (a) Richer specifications, (b) Extra items and (c) Deduction items. Depreciation percentage should based on future life/normal expected life of such building and should be brought out in the Annexures.

Keeping within the standard format many more improvements can be made. There is no limit to quality of content and of form.

ANNEXURE-13

OFFICE OF THE

by Regd. Post

Dated:

No.

ORDER UNDER SECTION 16(A) (3) OF WEALTH TAX ACT, 1957

1. WHEREAS, the determination of the fair market value AS ON 31-3- ________ of the property at Survey No. ____________ at ____________ was referred to me by ____________ (A.O) ____________ vide No. ________ dated ______ and

2. WHEREEAS, the property was inspected by me on ________

3. Having perused the records produced before me and considered the relevant facts of the case, I am of the opinion that the fair market value of the property at Survey No. ________ of ____________ at Rs. ____________ (Rupees ____________) as on has been correctly declared in the return made by the assessee.

VALUATION OFFICER

Copy forwarded to :

1. The Assessing Officer
2. The assessee
3. Copy to CE(V) alongwith valuation Report
4. The SE(V) alongwith valuation Report

VALUATION OFFICER

ANNEXURE -14

OFFICE OF THE

Dated:

No.

BY RPAD

NOTICE UNDER SECTION 16A(4) OF THE WEALTH TAX ACT, 1957

To,

____

____

The determination of the fair market value of the property at__________________ as on__________ to __________ was referred by __________________ A.O. vide No. __________________ dated ____________ to me.

The value of the property has been stated to have been declared as under as per __________________ letter dated __________

As on __________________ Rs.

The property was inspected by me on __________ .

I have persued the relevant documents produced before me. Having considered the relevant circumstances of the case, I propose to estimate the fair market value as follows as per details enclosed as Annexure.

As on __________________ Rs.

2/-.....................

You are hereby called upon to state your objections, if any to the above estimate in writing on or before ____________________ . Any documentary evidence on which you may wish to rely in support of your objections should also be sent along with your written statement of objection.

If alternatively, you wish to state your objections in person or through a duly authorised representative, you may do so on ____________________ at ____________________ hours.

You may produce or cause to be produced on that date and time any evidence, you may wish to rely in support of your objections.

Encl : as above.

VALUATION OFFICER

Not on Original:

copy to The Assessing Officer along with a copy of Preliminary Valuation Report. If he wants to communicate any views on the report, he may do so before the date of hearing.

VALUATION OFFICER

ANNEXURE-15

OFFICE OF THE

Dated:

No.

ORDER UNDER SECTION 16(5) OF WEALTH TAX ACT, 1957

1. WHEREAS, the determination of the fair market value of the property at ______________________ was referred to me by ______________ vide No.______________________ dated ______________ and

****

2. WHEREAS a notice was issued to Shri______________, assessee of my proposal to estimate the value as under

and

3. WHEREAS, the assessee stated his objections in writing on ______________

4. Having considered the statement of objections made by the assessee and having considered the evidence produced by the assessee and taking into account all relevant materials gathered by me, I estimate the fair market value of the said property as under as per details given in Annexure.

VALUATION OFFICER

cc:

1. The assesseeing officer along with a copy of Valuation Report.
2. The assessee. "
3. Chief Engineer (Valuation) "
4. The Superintending Engineer (Valuation). "

VALUATION OFFICER

* if the case is taken over, this shall be indicated here.

ANNEXURE-16

INSTRUCTION NO. 1905

FOR DEPARTMENT USE ONLY

F.NO. 328/114/92-WT

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF REVENUE

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 6th December, 1992.

To

All Chief Commissioners of Income Tax and
Directors General of Income Tax.

Sir,

Sub : Reference to Valuation Officer under section 16A of the Wealth Tax Act Effect of amendments in sections 7 to 16A of the Wealth Tax Act with effect from 1-4-89- clarification regarding.

The Direct Tax Laws (Amendment) Act, 1989 has amended secions 7 to 16A of the Wealth Tax Act and has introduced Schedule III with effect from 1-4-89. As per the amended section 7, (subject to the provisions of sub-section 2), the Value of any asset, other than cash, for the purpose of the Wealth Tax Act shall be its value as on the valuation date determined in the manner laid down in the Schedule III. As per the amended section 16A, the Assessing Officers may refer the valuation of any asset to a Valuation Officer only were, for the purpose of assessment, the market value of the asset is to be taken into account under the provisions of section 7 read with the Wealth Tax Rules or the rules in Schedule III to the Wealth Tax Act.

A combined reading of the two sections shows that the reference to the Valuation Officer U/S 16A can be made only in respect of an asset where is accordance with rules in Schedule III, market value is to be considered for making of the assessment. Such reference to Valuation Officer shall be mandatory if the case is covered by Section 16A(1) and it will not be open to the Assessing Officer to decide the question of valuation on his own in such cases.

In cases of assets where rules in the Schedule III do not require taking of their market value for making of the assessment, there is no question of making of any reference to the Valuation Officer u/s 16A. Their value is to be computed as per the relevant rule in the Schedule III.

The above clarification may be kept into consideration while applying para 35 of Board's Circular No. 96 dated 25-11-1972 by the officers concerned. These instructions may please be brought to the notice of all concerned officers in your region.

(M.N. DIKSHIT)

CENTRAL BOARD OF DIRECT TAXES.

ANNEXURE -17

SUGGESTED READINGS FOR VALUATION OFFICER

1. Development and Valuation of Urban Properties by Shri. P.K. Ratho published by Vigyna Prasar, C-24, Qutab Institutional area, New Delhi - 110 016.
2. Theory and practice of Valuation by Shri. Roshan Namavathi
3. Valuation of Real Properties by Shri. Rangawala
4. Compilation of case Laws by Shri. P.K. Kohli
5. Compilation of case laws part - II by Shri. H.S. Dogra
6. Indian Valuer - monthly Journal of the Institution of Valuers
7. Library copies of "MULYAM" and different journal published by the Valuation Cell
8. Latest Manuals of Wealth-Tax Act/ Income Tax Act and gift Tax Act.
9. Instructions of CBDT and CE(V) issued from time to time (Circular files are maintained in each valuation unit)
10. U.L.C. Act /Rent Control Act / Slum Rehabilation Act/Local by laws etc.,
11. Master Plans of the towns of jurisdiction
12. Relevant local PWD Schedule of rates and specifications of the jurisdiction areas.
13. CPWD Plinth area rates, specifications, schedule of rates etc.,
14. Cost Indices register of all important places within the jurisdiction.
15. ITR/Taxman publications.

ANNEXURE-18

DUTIES AND RESPONSIBILITIES OF JUNIOR ENGINEERS IN VALUATION CELL ISSUED VIDE A -26017/5/89/EC VI DATED 23-11-1989

1. Maintenance of receipt and disposal register of cases.

2. To put up draft notices/letters and monitoring of correspondence pertaining to valuation with different authorities/ assessees.

3. Collection of data as required for valuation from organisation like Sub-Registrar Office, Improvement Trusts, or other organisation of State Govt., CPWD, P & T etc.

4. Maintenance and updating of sale instance register.

5. Compilation of monthly/annual progress reports.

6. Assisting the Valuation Officer during Inspection of properties in collection of all site data and specifications.

7. Taking such measurements/details as required during inspection.

8. Assisting the Valuation Officer in scrutiny of records received from the assessee and data collected during inspection.

9. Preparation of such analysis, details etc., required for valuation and preparation of drafts for preliminary or final estimates of valuations, as well as assisting the Valuation Officer in preparation of report.

10. Assisting the Valuation Officer in dealing with the objections of the assessee's and preparing draft replies as per the directions of the Valuation Officer.

11. Assisting the Valuation Officer at all stages in appeal cases including preparation of drafts for briefs arguments for defence during the appeal.

12. Assisting the Valuation Officers for review of reports.

ANNEXURE-19

REVIEW REGISTER

Reports submited by AVO/VOs during the month	Reports reviewed under column 1.	COMMENTS	
		(i) Report No.	(ii) Comments
1	2	3	4

Comments may be restrticted to items which are contrary to the Guidelines or intstructions issued by CE's office from time to time, obvious errors etc.

ANNEXURE -20

PRO FORMA FOR REGISTER OF APPEAL CASES

S.No.	Details of the property location & name of the assessee	Valuation Report No. & File Number	Category & Valuation dates	Appellate authority	Date of hearing Officer attending appeal	Declared Value & assessed Value	Value held in appeal	Obser vation by the appellate authority	Comments on the appellate authority's decision	Remark
1	2	3	4	5	6	7	8	9	10	11

BREAK UP OF CASES IN APPEAL FOR PROGRESS REPORT

Authortity deciding appeal(s)	No. of cases	Declared value (in lakhs)	Value as assessed by DVO/VO/AVO (in lakhs)	Value held in appeals (in lakhs)			Remarks --------- Any Special Observations
				CTT(A)	ITAT	Court	
1	2	3	4	5	6	7	8
CIT (Appeals)							
Income-Tax appellate tribunal							
Courts							
TOTAL							