

Draft of notification to be issued for amending Income-tax Rules, 1962 for prescribing the manner of determination of fair market value of the inventory for the purpose of 28(via) of the Income-tax Act, 1961.

S.O.....(E). – In exercise of the powers conferred by clause (via) of section 28 read with section 295 of the Income-tax Act, 1961 (43 of 1961), hereinafter referred to as the Income-tax Act, the Central Government hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

1. (1) These rules may be called the Income-tax (th amendment), Rules, 2018.
(2) They shall come into force from the 1st day of April, 2019 and shall apply in relation to assessment years 2019-20 and subsequent years.
2. In the Income-tax Rules, 1962,—
 - (A) After rule 11UAA, the following rule shall be inserted, namely:—

“Determination of fair market value for inventory

11UAB. (1) For the purposes of clause (via) of section 28 of the Act, the fair market value of the inventory,—

- (i) being an immovable property, being land or building or both, shall be the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of such immovable property on the date on which the inventory is converted into, or treated, as a capital asset;
- (ii) being jewellery, archaeological collections, drawings, paintings, sculptures, any work of art, shares or securities referred to in rule 11UA, shall be the value determined in the manner provided in sub-rule (1) of rule 11UA and for this purpose the reference to the valuation date in the rule 11U and rule 11UA shall mean the date on which the inventory is converted into, or treated, as a capital asset;
- (iii) being the property, other than specified in clause (i) and clause (ii), the price that such property would ordinarily fetch on sale in the open market on the date on which the inventory is converted into, or treated, as a capital asset.”