



5<sup>th</sup> June, 2018

To  
Mr. Sushil Chandra  
The Chairman,  
Central Board of Direct Taxes,  
Ministry of Finance,  
Government of India,  
North Block,  
New Delhi 110 001.

Dear Sir

**Sub: Notification No. 23/2018 dated 24<sup>th</sup> May, 2018 amending Rule 11UA of the Income-tax Rules, 1962**

We are voluntary bodies of Chartered Accountants with membership from across India with a combined membership of more than 14,000 CAs. We would like to place before you a representation on behalf of our members in connection with the recent notification issued by the CBDT amending Rule 11UA of the Income-tax Rules, 1962.

As per the said amendment, the term "Accountant" has been omitted from clause (c) of sub rule (2) of Rule 11UA. Thereby, effectively, valuation of unlisted shares and securities can now be done only by registered merchant bankers.

This amendment is not in the interest of the tax payers of the country. It is a known fact that the number of registered merchant bankers (for the purpose of Rule 11UA) is very small. Tax payers have generally been approaching Chartered Accountants for this purpose. The Institute of Chartered Accountants of India (ICAI) has taken several initiatives in the recent past to encourage its members to learn and attain expertise in the field of valuation. Valuation Standards have been prescribed by the ICAI to help Chartered Accountants in discharging their duty as valuers.

Apart from this, even under the Companies Act, 2013, Chartered Accountants have been recognised as being eligible for registration as valuers as laid down in section 247 of the said Act.

Further, in the various regulations issued under the Foreign Exchange Management Act, 1999 also, valuation (including valuation as per DCF method) by Chartered Accountants has been recognised for long.

The Wealth-tax Rules too recognise Chartered Accountants as being eligible for providing valuation reports.

In light of the above, it is indeed shocking for us to note the sudden amendment in Rule 11UA derecognising Chartered Accountants as valuers. No reasons are forthcoming for this amendment.

Therefore, on behalf of the tax paying community of India, and on behalf of the tax professionals who assist the tax payers in honestly complying with the tax laws of the country, we strongly urge you to withdraw the amendment to Rule 11UA of the Income-tax Rules, 1962 and to reinstate the position as it existed prior to the amendment.

Assuring you and the Government of India our fullest support in the massive nation building exercise that is in progress,

We remain,

Yours sincerely

Sd/-

Narayan R. Pasari  
President,  
**Bombay Chartered Accountants' Society**

Sd/-

Chintan Doshi  
President,  
**Ahmedabad Chartered Accountants' Association**

Sd/-

Raghavendra T.N.  
President  
**Karnataka State Chartered Accountants' Association**

Sd/-

Gyanesh Verma  
President  
**Lucknow Chartered Accountants' Society**