



M/s PRANJAL JOSHI & CO  
CHARTERED ACCOUNTANTS

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### Requirements of Valuation as per Income Tax Act, 1961

The requirements of Valuation under various provisions of the Income Tax Act 1961 are as follows:

Sr. No.	Section/ Rule	Brief description	Valuation Requirement
01	56 – rule 11UA	Valuation of unlisted shares; jewellery, works of art;	Rule 11UA specifies a formula or valuation by a merchant banker using DCF method
02	28(via)	Profits and gains from conversion of inventory into capital assets	Rule 11UAB
03	56(2)(x)	Any person receives any property without consideration or for inadequate consideration	Mainly Rule 11UA to compute taxable amount
04	50CA	Special provision for full value of consideration for transfer of shares other than quoted shares	Fair market value is the full value of consideration, where shares are transferred at less than fair market value

Source – FAQ issued by ICAI RVO