

**Press Information Bureau
Government of India
Ministry of Finance**

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CBDT invites suggestions on draft notification pertaining to new Rule 11UAB of IT Rules, 1962

Finance Act, 2018 has inserted clause (via) to section 28 of the Income-tax Act, 1961 ('the Act') so as to provide that any profit and gains from conversion of inventory into capital asset or its treatment as capital asset shall be charged to tax as business income. It has also been provided that for this purpose the fair market value of inventory on the date of conversion or treatment determined in prescribed manner shall be deemed to be the full value of consideration. Accordingly, rules are to be framed for providing the manner in which fair market value of the inventory shall be determined.

In view of the above, it is proposed to insert a new rule 11UAB in the Income-tax Rules, 1962 for prescribing the manner of determination of fair market value of the inventory which has been converted into, or treated as, capital asset.

In order to have wider consultation in this matter, the draft of notification proposed to be issued for amending the Income-tax Rules, 1962 has been uploaded on www.incometaxindia.gov.in. Stakeholders are requested to submit their comments/suggestions on the draft notification by 14.05.2018 at the e-mail address dirtp12@nic.in.

DSM/RM/SS