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L&B- IBBI/RV/07/2021/13784

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Introduction

The valuation profession in India is at the cusp of significant transformation, driven by progressive regulatory reforms and expanding professional opportunities. The introduction of the Draft Valuers Bill 2020, and the new provisions proposed in the Finance Bill 2023, known as the "Income Tax (Nineteenth Amendment) Rules 2023," herald a new era for valuers in India. These developments aim to enhance the capacity of valuers, standardize practices, and create a plethora of opportunities in the valuation sector. This article delves into these legislative changes and their implications for the valuation profession in India.

The Draft Valuers Bill 2020: Laying the Foundation for a Robust Valuation Framework

The Draft Valuers Bill 2020 represents a monumental step towards establishing a structured and regulated environment for valuers in India. The bill seeks to create a comprehensive framework that ensures only qualified professionals undertake valuation assignments. Key features of the bill include:

1. National Institute of Valuers (NIV):

The bill proposes the establishment of a NIV to oversee the regulation and standardization of valuation practices across the country. The NIV will be responsible for the registration of valuers, enforcement of valuation standards, and handling disciplinary actions.

2. Qualification and Certification:

To ensure high standards of professionalism, the bill stipulates specific educational qualifications, professional experience, and certification requirements for individuals seeking to become registered valuers.

3. Continuing Professional Development (CPD):

Recognizing the dynamic nature of the valuation profession, the bill mandates ongoing CPD for registered valuers. This will ensure that valuers remain updated with the latest methodologies, technologies, and regulatory changes.

4. Transparency and Accountability:

The bill emphasizes the importance of transparency and accountability in the valuation process. It requires detailed documentation and reporting, which will enhance the credibility and reliability of valuation reports.

Expanding Opportunities: Provisions in the Finance Bill

The Finance Bill 2023 introduces significant amendments to the Income Tax Rules, known as the "Income Tax (Nineteenth Amendment) Rules 2023." These amendments, particularly Rule 13, expand the scope and opportunities for registered valuers. Here's how:

1. Requisition for Services of Registered Valuers:

The new provisions under Rule 13 empower the Director General of Income Tax (Investigation) to requisite the services of registered valuers during search and seizure operations. This is in reference to Section 132(2) and 132(9D) of the Income Tax Act, 1961. This amendment significantly broadens the range of assignments that valuers can undertake.

2. Diversified Valuation Assignments:

The requisition for valuers' services during tax investigations involves valuing a wide array of assets, including real estate, businesses, financial securities, and personal property. This diversification not only enhances the professional scope of valuers but also exposes them to complex and high-stakes valuation scenarios.

3. Enhanced Credibility and Recognition:

Being involved in tax-related valuations under the aegis of the Income Tax Department enhances the credibility and professional recognition of registered valuers.

4. Capacity Building and Professional Growth:

The amendments necessitate valuers to adhere to stringent standards and procedures, fostering an environment of rigorous professional growth, aided by continuous learning and adaptation to new valuation techniques and regulatory requirements.

Challenges and the Way Forward

While the legislative changes present numerous opportunities, they also pose certain challenges for valuers in India:

1. Adapting to Regulatory Changes:

Valuers need to swiftly adapt to the evolving regulatory landscape. Continuous professional development and active engagement with professional bodies and regulatory authorities will be crucial in this regard.

2. Standardization of Practices:

Achieving uniformity in valuation standards across diverse asset classes and regions remains a significant challenge. The proposed Central Valuation Authority will play a pivotal role in developing and enforcing standardized valuation guidelines.

3. Building Capacity:

The growing demand for valuation services necessitates substantial capacity building. This requires concerted efforts in training, education, and certification to ensure a steady supply of qualified valuers.

4 Interdisciplinary Collaboration:

Valuers will need to collaborate with other professionals, such as accountants, auditors, and legal experts, particularly in complex tax-related valuations. This interdisciplinary approach will enhance the overall quality and reliability of valuation services.

Conclusion

By embracing these changes and overcoming the associated challenges, valuers in India can significantly contribute to the country's economic development with their expertise. The future of the valuation profession in India looks promising, with a structured regulatory framework and a wealth of opportunities on the horizon.