



Sr. No.	Date	Orders
		<p>* IN THE HIGH COURT OF DELHI AT NEW DELHI</p> <p>+ CW 4166/1994</p> <p>ROHTASH KUMAR BHATI Petitioner Through Mr. L.C. Chechi</p> <p>versus</p> <p>DY.COMMR.INCOME TAX & ORS. Respondent Through Mr. R C Pandey Mr. R D Jolly</p> <p>CORAM: HON'BLE THE CHIEF JUSTICE HON'BLE MR. JUSTICE BADAR DURREZ AHMED</p> <p><u>ORDER</u> 12.01.2004</p> <p>Petitioner has filed this petition against the deduction of tax on interest on delayed payment awarded by the Land Acquisition Collector, under the Land Acquisition proceedings. The matter was carried in reference in so far as the compensation is concerned and the learned Additional District Judge hearing the reference under Section 18 of the Land Acquisition Act, disposed of the reference, enhancing the compensation. From the petition, it transpires that, as averred by the petitioner, the petitioner was paid the amount of Rs.64,76,672/- and an amount of Rs.4,28,026/- has been deducted by the Land Acquisition Collector under Section 194 of the Income</p> <p style="text-align: right;">AV</p>



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		<p data-bbox="406 324 1524 1243">Tax Act, alleged to be payable by the petitioner on the interest awarded under Section 28 of the Land Acquisition Act. The question raised before the Court is that the amount of tax could not have been deducted under Section 194 A of the Income Tax Act. It is contended that it is capital receipt and therefore, not liable to tax. The question is not required to be discussed by us in detail since the Apex Court in case of <u>BIKRAM SINGH AND OTHERS VS. LAND ACQUISITION COLLECTOR AND OTHERS</u>, reported in (1997) 224 ITR 551 has dealt with this question and has held that such receipts are revenue receipts. We quote the following paragraph from the aforesaid judgment appearing at page 557 :-</p> <p data-bbox="502 1288 1524 1892">“But the question is : whether the interest on delayed payment on the acquisition of the immovable property under the Acquisition Act would not be exigible to income-tax ? It is seen that this Court has consistently taken the view that it is a revenue receipt. The amended definition of “interest” was not intended to exclude the revenue receipt of interest on delayed payment of compensation from taxability. Once it is construed to be a revenue receipt, necessarily, unless there is an exemption under the appropriate provisions of the Act, the revenue receipt is exigible to tax. The amendment is only to bring within its tax net, income received from the transaction covered under the definition of interest. It would mean that the interest received as income on the</p> <p data-bbox="1093 1892 1236 2004"></p>



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		<p> delayed payment of the compensation determined under Section 28 or 31 of the Acquisition Act is a taxable event. Therefore, we hold that it is a revenue receipt exigible to tax under Section 4 of the Income-tax Act. Section 194A of the Act has no application for the purpose of this case as it encompasses deduction of the income-tax at source. However, the appellants are entitled to spread over the income for the period for which payment came to be made so as to compute the income for assessing tax for the relevant accounting year." </p> <p> Thus, it is clear that in view of the aforesaid judgment of the Supreme Court, it is not open for this Court to consider the question raised by the learned advocate that he was deprived of the amount of interest in time and therefore, he is not liable to tax. Once it is held that it is a revenue receipt, necessarily, unless otherwise exempted from the provisions of the Income Tax Act, the same would be taxable. However, relief is required to be granted to a limited extent as the petitioner is entitled to spread over the income for the period for which payment came to be made for computing the income for assessing tax for the relevant accounting year. It is for the petitioner to take appropriate and suitable steps under the law. </p>



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		<p data-bbox="459 398 1433 448">With the aforesaid directions, the petition stands disposed of.</p> <p data-bbox="1034 481 1455 739"><i>B. Durrez Ahmed</i> CHIEF JUSTICE <i>B. Durrez Ahmed</i> BADAR DURREZ AHMED, J</p> <p data-bbox="459 734 737 810">JANUARY 12, 2004 PC.</p>

19/04