

Raghubir (Decd.) and ors. Vs. Union of India (Uoi) and ors.

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Court : Delhi

Decided On : Jul-16-2002

Reported in : (2003)179CTR(Del)603

Judge : D.K. Jain and; Sharda Aggarwal, JJ.

Acts : [Income Tax Act, 1961](#) - Sections 4 and 194A

Appeal No. : Civil Writ Petn. No. 1334 of 1995

Appellant : Raghubir (Decd.) and ors.

Respondent : Union of India (Uoi) and ors.

Advocate for Def. : R.C. Pandey and ; Premlata Bansal, Advs.

Advocate for Pet/Ap. : Om Prakash, Adv

Disposition : Writ petition dismissed

Judgement :

D.K. Jain, J.

1. In this writ petition the petitioners seeks quashing of a circular issued by the Dy. CIT to the Land Acquisition Collector, directing him to deduct tax at source at the time of making payment of interest to the petitioner on account of enhancement of compensation. It is also prayed that the Collector may be restrained from

deducting the tax at source in terms of said circular.

2. According to the petitioner, since the amount of interest payable on account of delay in payment of enhanced compensation is not liable to be taxed, the Land Acquisition Collector cannot be asked to deduct tax at source.

3. The issue raised in the petition is no longer rest integra. In *Bikram Singh and Ors. v. Land Acquisition Collector and Ors.* : [1997]224ITR551(SC) , the Supreme Court has held that the interest receipt on delayed payment of the compensation, determined under the Land Acquisition Act, 1894, is a revenue receipt exigible to tax under Section 4 of the IT Act, 1961 (for short the Act). It has also been held that Section 194A of the Act had no application for the purpose of this case as it encompasses deduction of the income-tax at source. However, the Court observed that the persons entitled to compensation would be entitled to a spread over of 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. In view of the said authoritative pronouncement, no relief can be granted to the petitioner.

4. Accordingly, the writ petition is dismissed and the Rule is discharged. The interim order stands vacated. However, the petitioner is granted liberty to approach the concerned authority for spreading over the income to the period for which payment came to be made so that the income for the purpose of assessing tax for the relevant assessment years could be computed. No order as to costs.

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