(2001) 08 MAD CK 0069

In the Madras High Court

Case No : T.C. No. 178 of 1990 (Reference No. 101 of 1990)

Commissioner of Wealth Tax APPELLANT

Vs

M.V. Subbiah RESPONDENT

Date of Decision : 16-08-2001

Acts Referred:

Citation : (2002) 178 CTR 36 : (2002) 254 ITR 671 : (2002) 125 TAXMAN 101

Hon'ble Judges : R. Jayasimha Babu, J;C. Nagappan, J

Bench : Division Bench

Advocate : J. Naresh Kumar, for the Appellant; Philip George, for the Respondent

Judgement

R. Jayasimha Babu, J.—The Revenue contends, that the value of labour quarters in an estate cannot be excluded from the net wealth of the

assessee who is a partner in the firm which owns the estate. The assessment year is 1974-75. The revenue''s contention was not accepted by the

Tribunal and therefore the reference.

Section 5(1)(ivb) of the Wealth-tax Act, 1957, as it stood during the relevant year reads thus :

5. Exemption in respect of certain assets.--(1) . . .

(ivb) one building or one group of buildings owned by a cultivator of or receiver of rent or revenue out of, agricultural land :

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is required by the cultivator or the receiver of rent

or revenue, by reason of his connection with the land, as store house or for keeping livestock ;

The requirements to be fulfilled for claiming the benefits of this provision are that the person claiming the benefit is a cultivator or a receiver of rent or revenue out of agricultural land ; that the building or group of building is on or in the immediate vicinity of the land; and that the same is required

by the cultivator or the receiver of rent or revenue, by reason of his connection with the land ; as dwelling house, storehouse or for keeping

livestock.

All the conditions stipulated are satisfied in this case. As a partner of the firm which owns the estate the assessee has connection with the land, the

firm being entitled to receive the revenue out of the land. The buildings in respect of which exemption claimed are admittedly situated on the land.

The buildings are also admittedly required for use and are in fact used as dwelling houses to accommodate the labourers without whom the estate

cannot be cultivated and managed. The reference in the provision to building or one group of buildings indicates that the exemption is not confined

only to the owner or the receiver of rent of the estate. It extends to a group of buildings, but only to one group of buildings and that group of

buildings should be used as dwelling house, storehouse and outhouse. It is admitted in this case that there is one group of buildings and that the

buildings are used as dwelling houses of the labourers who work in the estate.

After April 1,1975, the law was amended taking away the benefit of exemption for the value of the building or group of buildings used as dwelling

houses. Exemption was confined thereafter only to building used as storehouses or for keeping live stock. However that subsequent amendment

does not affect the right of the assessee to the benefit of the exemption during the assessment year in which exemption was available for the group

of buildings used as dwelling houses located on or in the immediate vicinity of agricultural land.

The question referred to us, namely, as to whether, on the facts and in the circumstances of the case, the Tribunal is justified in holding that the

value of labour quarters in Kadamana Estate is entitled to exemption u/s 5(1)(ivb) of the Wealth-tax Act, is answered in favour of the assessee and

against the Revenue.

