**(1995) 03 SC CK 0140**

**In the Supreme Court Of India**

**Case No :** Civil Appeal No''s. 1067-1069 to 1977

Commissioner of Wealth-tax, Calcutta — APPELLANT

Vs

U.C. Mehatab — RESPONDENT

**Date of Decision :** 29-03-1995

**Acts Referred:**
Wealth Tax Act, 1957 — Section 27(6)

**Citation :** AIR 1995 SC 1925 : (1997) 10 SCC 252

**Hon'ble Judges :** G. T. Nanavati, J;B.P. Jeevan Reddy Reddy, J

**Bench :** Division Bench

**Final Decision :** Allowed

## Judgement

1. These appeals are preferred against a common judgment of the Calcutta High Court in three references made u/s 27 of the Wealth Tax Act. The assessment years concerned herein are 1957-58, 1958-59 and 1959-60. The respondent-assessee was the holder of an estate which was acquired under the West Bengal Estate Acquisition Act, 1953. In the proceedings under the Wealth Tax Act, the respondent's right to receive compensation under the said Act was treated as ah asset within the meaning of the Wealth Tax Act and its value included in his total wealth. On appeal, the Appellate Assistant Commissioner merely reduced the value. On further appeal, the Tribunal held in favour of the assessee, but at the instance of Revenue, it referred the following question for the opinion of the High Court u/s 27(1):

Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the assessee had no right on the relevant valuation dates to receive any compensation for the acquisition of his estate from the Government of West Bengal?

2. While referring the question, the Tribunal observed:

If the question above is answered by the Court in favour of the Department, the Tribunal will deter mine by an order u/s 27(6) of the Wealth Tax Act, 1957, the value of the compensation receivable by the assessee as on the different valuation dates.

3. At the time of the hearing of the reference, the High Court re-framed the question. The question, as re-framed, reads:

Whether in the facts and circumstances of this case, the right to compensation under the West Bengal Estate Acquisition Act, 1958 constitutes an asset within the meaning of the Wealth Tax Act and specially in view of the fact where such compensation under the West Bengal Estate Acquisition Act has neither been determined nor paid.

4. The High Court answered it in the negative, i.e. in favour of the assessee and against the Revenue.

5. When these appeals came up for hearing before us, it is brought to our notice by Sri J. Rama Murty, learned senior Counsel that the question aforesaid is concluded in favour of the Revenue (and against the assessee) by the decision of this Court in Commissioner of Wealth-tax, Kolkata Vs. Smt. Anjamli Khan, . On a perusal of the said decision, we find that this Court has specifically disapproved the judgment under appeal herein. Though the said case arose under the Bihar Land Reforms Act, 1950, the Bench found, on a comparison of the provisions of the Bihar Act as well as the West Bengal Act that the provisions of both the enactments are identical. The Bench further found that the moment an assessee's land is acquired or otherwise vested in the State, he becomes entitled to compensation and merely because the amount of compensation is not determined immediately, it cannot be said that there is no right to compensation in the erstwhile holder.

6. Following the said decision, we allow these appeals and answer the aforesaid re-framed question in the affirmative, i.e. in favour of the Revenue and against the assessee. At the same time, we think it appropriate to give a direction with respect to the manner of valuation of the said asset in the same terms as was given in the said decision. It has been directed by this Court that "the value of the assessee's right to receive the compensation can only be the "present" value (i.e. the value as on the valuation date of the amount) that may be determined and paid as compensation in future. It cannot be equal to the amount of compensation payable under the Act. The present value of the future compensation will, therefore, have to be determined on a consideration of all relevant aspects that may be put forward before the Tribunal." The same direction shall be followed herein.

7. We may also mention that while determining the said value the Wealth Tax Officer shall give opportunity to both the parties to put forward their respective contentions.

8. It is made clear that the valuation already made by the Wealth Tax Officer and the appellate authority shall be ignored and a fresh valuation made as directed

 

above and as explained in the decision of this Court referred to above.

9. No costs.

 