

(2000) 02 KAR CK 0038
In the Karnataka High Court
Case No : Writ Appeal No. 7000 of 1999

Mohandas N. Hegde

APPELLANT

Vs

State of karnataka and Another

RESPONDENT

Date of Decision : 23-02-2000

Acts Referred:

Constitution of India, 1950 — Article 14

Citation : (2000) 2 ACC 583 : (2000) ILR (Kar) 1449 : (2000) 4 KarLJ 20 :
(2005) 3 KCCR 1689 : (2000) 2 KCCR 1309

Hon'ble Judges : V.G. Sabhahit, J; Ashok Bhan, J

Bench : Division Bench

Advocate : Sri Mohandas N. Hegde, for the Appellant; Sri N.K. Ramesh, A.G.A.,
for the Respondent

Judgement

1. The appellant herein challenged the validity of Karnataka Motor Vehicles Taxation (Amendment) Act, 1997 contending that the same is unconstitutional as violative of Article 14 of the Constitution of India. It was contended by the appellant that in respect of motor cars and jeeps exceeding 1500 cc attached with trailer, the lifetime tax is Rs. 24,000/- but in case where the cost of the vehicle exceeds Rs. 6 lakhs, the tax prescribed is Rs. 45,000/- and therefore there was no rational basis for fixing higher tax liability. The learned Single Judge by order dated 29-6-1999 held that the vehicle costing Rs. 6 lakhs and above constitute a different class by itself and therefore it cannot be said that there is discrimination in the levy of tax and therefore provisions cannot be considered to be violative of Article 14 of the Constitution of India, and accordingly dismissed the writ petition. Being aggrieved by the order of the learned Single Judge dismissing the writ petition, the appellant has preferred this appeal.

2. We have heard the learned Counsel for the appellant and the learned Government Advocate.

3. It is contended by the learned Counsel appearing for the appellant that the provisions of the Karnataka Motor Vehicles Taxation (Amendment) Act, 1997

prescribing different rates of lifetime tax for the vehicles whose value is below Rs. 6 lakhs and the vehicles whose value exceeds Rs. 6 lakhs is violative of Article 14 of the Constitution as there is no rational basis for this classification and hence the provision should be declared as unconstitutional. The learned Counsel relied upon the decision of the Tamil Nadu High Court in the case of *M. Krishnappan v State and Others*.

4. The learned Government Advocate submitted that the levy of tax is within the competence of the State and there is valid classification of vehicles on the basis of the value of the vehicles and the said classification has a nexus to the objects ought to be achieved. He submitted that the said questions have already been considered by this Court in the case of *M.P. Chandrakantaraj Urs v State of Karnataka and Others* and connected writ petitions.

5. The constitutional validity of the provisions of the Karnataka Motor Vehicles Taxation (Amendment) Act 7 of 1995 had come up for consideration before this Court in W.P. No. 24352 of 1995 and other writ petitions referred to above and the contentions similar to the one raised by the appellant herein were raised in the said writ petition contending that the classification of vehicles was not valid and prescribing different rates of lifetime tax for different types of vehicles was discriminatory and violative of Article 14 of the Constitution of India. However, a Division Bench of this Court held that, there is a valid classification and the classification had a nexus to the objects ought to be achieved by the imposition of tax. In para 8 of the judgment, this Court has held as follows.--

The levy of tax is not immune from attack under Article 14 of the Constitution but in view of the intrinsic complexity of fiscal adjustments of diverse elements, the State has a considerable wide discretion in the matter of classification for taxation purposes as held in *Income Tax Officer, Shillong v N. Takin Roy Ryabai*, in *Mrs. Meenakshi v State of Karnataka*, in *Anant Mills Company Limited v State of Gujarat*, and *Khandige Sham Bhat v Agricultural Income Tax Officer*. In cases of vehicles the fact that the taxes were more heavy on some and not on others would not alter the nature of tax. The basis of tax is collection of revenue for purposes of construction and maintenance of roads or traffic pathing thing. The classification would only indicate a measure or rate of tax being different on different vehicles depending upon various circumstances. In making several adjustments the State may make classification and as long as there is competence to collect the tax. In what manner the burden has to be distributed on different class of vehicles or the persons who own the vehicles does not make any difference. How equitable such tax could fall on different persons is not for the Court to decide. As long as the levy of tax has nexus to expenditure involved is within the competence of the legislature".

6. Further, it was held by this Court that prescribing different rates of lifetime tax for the vehicles owned by the individuals and the companies was not unconstitutional. The contentions urged on behalf of the appellant is answered by the above said observations made by this Court and mere fact that different

rates of tax are prescribed on the basis of the value of the vehicles would not by itself a ground to hold that it is violative of Article 14 of the Constitution of India so long as there is valid classification having nexus to the objects ought to be achieved. Therefore, the decision of the Tamil Nadu High Court relied upon by the learned Counsel appearing for the appellant is not helpful to him in this case. The learned Single Judge has rightly held that there is a valid classification of vehicles costing Rs. 6 lakhs and above and will constitute a different class by itself and therefore the levy of tax is not discriminatory.

7. The learned Counsel for the appellant submitted that the rate of tax for the vehicles whose value exceeds Rs. 6 lakhs is higher than the tax fixed for the vehicles costing less than Rs. 6 lakhs and therefore, it is arbitrary.

8. There is no force in this contention in view of the above said observations made by this Court in the above referred writ petition and in view of the fact that owners of all the vehicles whose value exceeds Rs. 6 lakhs are treated equally, there is equal protection and treatment to the persons belonging to the same class placed under similar circumstances and therefore there is no violation of Article 14 of the Constitution of India.

In view of the above findings, we held that there is no merit in this writ appeal and the appeal is accordingly dismissed.