(1997) 09 MAD CK 0166

In the Madras High Court

Case No : Tax Case No. 567 of 1989 (Revision No. 225 of 1989)

P. Balasubramaniam APPELLANT

Vs

State of Tamil Nadu RESPONDENT

Date of Decision : 25-09-1997

Acts Referred:
Income Tax Act, 1961 — Section 28

Citation : (2000) 241 ITR 660

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

Bench : Division Bench

Advocate : Deokinandan, P. Rajkumar, for the Appellant; K. Ravi Rajapandian, K.M.L. Majele, for the Respondent

Judgement

R. Jayasimha Babu J.

1. We do not find any error in the impugned order of the Commissioner of Agricultural Income Tax, Madras, dated July 26, 1989, who has held that the petitioner is not entitled to the benefit of compounding for the assessment year 1984-85 as his holding during that year was over 100 acres being 100.75 acres. u/s 10(1) of the Tamil Nadu Agricultural Income Tax Act, a person who holds or held land during any part of the financial year in excess of the exempted extent shall not be entitled to the benefit even though the extent of land held by him during the course of the financial year may not be in excess of the exempted extent. For the purpose of the Act, it is the maximum extent held during the financial year that is relevant and the fact that the lesser extent was held at some other point in the year is not relevant for the purpose of determining the eligibility for the purpose of benefit of compounding. Section 65 of the Act speaks of land held by the assessee. But it is not stated that the land should have been held by the assessee throughout the assessment year. Composition is for the year and for subsequent years until the assessee opts out by filing a return. The assessee is required to report any change in the extent of the land held after he is permitted to compound. The Act does not contemplate levy of tax for parts of

the year, the year is the unit and it is the income for the year that is the basis for the assessment. For the purpose of compounding it is the maximum extent of land held during any part of the year which has to be the basis for determining the composition fee.

2. The impugned order of the Commissioner of Agricultural Income Tax does not suffer from any error of law or jurisdiction calling for our interference. This revision petition is dismissed.