

Shabnoor

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION**

WRIT PETITION NO.10350 OF 2015

Rajendra Chandrama Singh,
Aged about 55, Indian Inhabitant,
R/o. Neha Bungalow, S.V. Road,
X Lane, Near Bank of Maharashtra
Dahisar (East), Mumbai 400 068

... Petitioner

V/s.

- 1. The State of Maharashtra,**
through the Government Pleader,
High Court, Mumbai.
- 2. The Superintendent of Stamps,**
General Stamp Office, Town Hall,
Fort, Mumbai – 400 023.
- 3. The Chief Controlling Revenue
Authority,** Controller of Stamps,
Maharashtra State, Ground Floor,
New Administrative Building,
Pune – 411 001.

... Respondents

Mr. Sandeep Mishra a/w Ms. Madhura Mulay for the
Petitioner.

Ms. Sulbha D. Chipade, AGP, for respondent Nos.1 to 3-
State.

Mr. Afroz Pathan, Supervisor, Collector of Stamps,
Andheri is present.

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CORAM : AMIT BORKAR, J.

RESERVED ON : DECEMBER 5, 2025

PRONOUNCED ON : DECEMBER 9, 2025

JUDGMENT:

1. The petitioner challenges order dated 9 December 2013 passed by Respondent No. 3 under Article 53A of the Maharashtra Stamp Act, 1958. By that order, Respondent No. 3 directed the petitioner to pay deficit stamp duty of Rs.12,32,775/- within 30 days.

2. The material facts are as follows. Vendors No.1, 2 and 3 executed a lease deed on 5 April 1992 in favour of the petitioner for a term of 99 years. The lease carried an annual rent of Rs. 1,000 and contained conditions binding the parties. The petitioner, who was the lessee, decided to purchase the leased property by relying on representations of the vendors. The petitioner executed the conveyance for a lump sum consideration of Rs.1,25,00,000/-. Before doing so, the petitioner applied for adjudication of the draft conveyance under Section 31 of the Act before the Collector of Stamps. The Collector granted the benefit of the subsisting lease and held that the consideration of Rs.1,25,00,000/- would be treated as the market value. The Collector directed the petitioner to deposit Rs.6,25,000/- as stamp duty under Article 25B. The petitioner deposited the amount on 17 October 2005 and obtained a certificate on the same day. The conveyance was then executed on 21 November 2005 and was presented before the Joint Sub Registrar on 22 November 2005. The conveyance was registered

on the same day.

3. During a local inspection, the Audit Team of the Accountant General II, Nagpur, raised objection to the valuation accepted by the Collector. The audit noted that the market value of the property was Rs.3,71,55,300/- and that stamp duty at 5 percent under Article 25B ought to have been Rs.18,67,765/-. Since the Collector had levied Rs.6,25,000/-, the audit worked out the short levy at Rs.12,32,765/-. Respondent No. 3 then initiated proceedings under Section 53A. The petitioner appeared and raised objections. Respondent No. 3 rejected the objections and by order dated 9 December 2013 directed payment of Rs.12,32,775/- as deficit duty. The petitioner has, therefore, approached this Court.

4. The learned Advocate for the petitioner submitted that the Office of the Collector of Stamps had already accepted stamp duty of Rs.1,220/- on 3 September 2005 as chargeable under Article 36(a)(i)(vi) read with Article 25B after the execution of the lease agreement. He submitted that the petitioner had paid the stamp duty with penalty and the Collector thereafter issued a certificate under Section 41. Once the Collector collected duty at the market value under Article 25B at the time of the lease, there is no occasion to levy duty again at market value at the time of the conveyance. He submitted that the conveyance dated 21 November 2005 only transferred leasehold rights into ownership rights. He contended that once a certificate under Section 41 was issued, Respondent No. 3 had no authority to demand further duty on the same valuation. He submitted that Respondent No. 3 erred

in calculating duty of Rs.12,32,765/- based on market value. As per Section 36 of the Act, where a lease exceeds 29 years, the duty is the same as on conveyance under Article 25 on 19 percent of the market value. He submitted that the valuation was done without considering the evidence showing that the land was landlocked. He therefore submitted that the order deserves to be quashed.

5. The learned AGP opposed the petition. She submitted that the conveyance was executed between the vendors and the petitioner for a consideration of Rs.1.25 crore. On scrutiny, the property was found to fall in Zone 37/190 of the ready reckoner for 2005. The rate for open land was Rs.39,000/- per square meter. The land area of 952.7 square meters gave a valuation of Rs. 3,71,55,300/-. Under Article 25B, 5 percent of this amount comes to Rs.18,57,765/- while the Collector levied only Rs.6,25,000/-. She submitted that the Collector while adjudicating had considered the 99 year lease and had determined value at Rs. 1,23,85,500/- and thereafter accepted the agreed consideration as market value. She submitted that the petitioner produced no proof before Respondent No.3 showing that the property was landlocked. The certificates relied upon by the petitioner describe the land as landlocked but the Municipal Corporation of Greater Mumbai stated after inspection that the property had no access from any municipal road. She submitted that despite opportunity, the petitioner failed to produce a location plan from the competent authority. Respondent No.3 therefore refused deduction on the ground that the land was not shown to be landlocked. She further submitted that the lease deed relied upon by the petitioner cannot

be considered because it was not registered under the Registration Act, 1908. She therefore submitted that Respondent No.3 rightly imposed the duty and prayed for dismissal of the petition.

REASONS AND ANALYSIS:

6. I have considered the rival submissions and examined the record placed before me. The issue lies in a narrow compass. The petitioner contends that once the Collector adjudicated the instrument under Section 31 and issued a certificate under Section 32 read with Section 41, the authority under Section 53A cannot reopen the valuation. The State contends that the earlier adjudication suffered from a short levy and that Section 53A empowers the authority to correct such error.

7. The scheme of the Act gives a clear structure for determining stamp duty and correcting any mistake. Section 31 allows a party to approach the Collector and request a formal decision on the proper duty payable. Once the Collector decides the duty and the party pays it, Section 32 requires the Collector to certify that full duty stands paid. This certificate gives the document legal validity for registration and for use as evidence.

8. However, Section 32 itself makes this certificate subject to Section 53A. The Legislature has therefore made its intention clear. Even after a certificate is issued, the matter is not closed forever. If later it comes to light that the Collector charged less duty than what the law required, Section 53A gives the Chief Controlling Revenue Authority the power to reopen the matter. This power applies when the short levy arises from a mistake, oversight or any

other reason. The only safeguard for the taxpayer is that this power must be exercised within six years from the date of the certificate issued under Sections 32, 39 or 41.

9. This statutory structure must be read as a whole. The right of a citizen to seek adjudication under Section 31 is balanced by the authority's right to correct an under assessment under Section 53A. The Act does not allow reopening beyond six years. Within this period, reopening is permissible if credible material shows that the earlier levy was lower than what the law required. This ensures fairness to both sides. It protects revenue from loss due to error. It also protects the citizen from indefinite uncertainty because the reopening period is strictly limited.

10. This case falls within this framework. The Collector issued a certificate in October 2005. The audit objection raised a short levy. Respondent No. 3 acted within the statutory six-year period. Respondent No. 3 gave opportunity of hearing. Respondent No. 3 then examined the valuation based on the ready reckoner rate applicable to open land in Zone 37/190. That rate stood at Rs. 39,000/- per square meter for the year 2005. The land area was 952.7 square meters. The market value thus stood at Rs. 3,71,55,300/-. Under Article 25(b)(i), stamp duty was 5 percent. The admissible duty was therefore Rs.18,57,765/-. The Collector had originally levied Rs.6,25,000/-. The short levy was thus Rs. 12,32,765/-.

11. The petitioner relied heavily on the earlier lease deed and the fact of having paid duty and penalty at that stage. Section 36

governs leases exceeding twenty-nine years. It treats such leases on the same footing as conveyances under Article 25. That provision applies to the lease. The present levy arises on the conveyance executed in 2005. The levy must be determined with reference to Article 25. The fact that the lease deed was not registered further weakens the petitioner's reliance on it.

12. The submission that conversion of leasehold rights into ownership rights cannot attract fresh duty is not acceptable. Article 25 is clear. Duty attaches to the market value of the property that is the subject of conveyance. Article 25 does not distinguish between transfer of full ownership and transfer of leasehold rights into ownership rights. The conveyance is a fresh instrument.

13. It attracts duty independently unless the case falls under Section 4. Section 4 must be applied on the basis of clear and reliable facts. The section covers situations where one transaction is carried out through several connected instruments. In such cases, the law permits only the principal instrument to bear full duty, while the remaining instruments bear nominal duty. This provision avoids double taxation for the same transaction.

14. For Section 4 to apply, there must be credible evidence that all instruments form parts of one integrated transaction. The instruments must be so connected in purpose and timing that they together complete a single deal. In the present case, no such evidence is shown.

15. The lease and the conveyance do not form one transaction. The lease was executed in 1992. It created leasehold rights for a

fixed term, and it imposed conditions relating to rent and use. The conveyance was executed in 2005. It transferred full ownership rights. The two instruments were separated by more than a decade. There is no material to show that the lease was executed only as a step towards an already planned conveyance. There is no agreement, no recital and no contemporaneous record linking the lease and the later sale as parts of a single arrangement.

16. On the contrary, the record shows that both instruments were independent. The lease created one set of rights. The conveyance created another. Each attracted stamp duty on its own terms under the Act. In absence of credible evidence showing a single composite transaction, Section 4 cannot be invoked.

17. The conclusion therefore is simple. Section 4 does not apply. The lease and the conveyance must be treated as separate instruments attracting separate duties under the Act.

18. The petitioner raised a plea that the land was landlocked and therefore its market value should be reduced. This plea can succeed only if supported by clear and reliable evidence. Respondent No. 3 examined the material placed on record. The petitioner produced certain certificates describing the land as landlocked. However, these certificates were not supported by any official map, survey plan or document from the competent planning authority.

19. Respondent No. 3 also considered the communication issued by the Municipal Corporation. That communication stated that, on inspection, the land did not have access from any municipal road.

This statement alone does not establish that the land is legally treated as landlocked for valuation purposes. To prove a reduced value, the petitioner was required to produce a location plan or an authenticated layout showing lack of access and showing how such lack of access materially affects the market value. No such document was placed on record.

20. Stamp duty valuation requires the authority to rely on objective and uniform standards. For this purpose, the ready reckoner rate is the recognised benchmark. The ready reckoner rate applies uniformly unless a party places credible evidence to show that the actual market value is materially lower. This approach ensures certainty, fairness and consistency.

21. In this case, the petitioner did not produce any reliable evidence capable of displacing the ready reckoner rate. The authority therefore acted correctly in relying on the ready reckoner valuation. The plea of landlocked property remains unproved and cannot be accepted.

22. The contention that once a certificate under Section 41 is issued, no further action can be taken cannot stand. Section 53A expressly overrides Section 41. The statute grants revisional power to correct short levy. This power is necessary to protect revenue. The provision balances this power with the right of hearing. That procedure was followed.

23. On these facts, I find no error in the reasoning of Respondent No. 3. The authority exercised statutory power. The valuation is based on ready reckoner rate. The petitioner did not rebut it. The

short levy is correctly worked out. No ground is made out to interfere under Article 226.

24. For the reasons stated above, the writ petition fails.

25. The order dated 9 December 2013 passed by Respondent No. 3 directing the petitioner to pay deficit stamp duty of Rs. 12,32,775/- is upheld.

26. No order as to costs.

(AMIT BORKAR, J.)