IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 01.10.2018

Pronounced on : 05.04.2019

CORAM :

THE HONOURABLE MR. JUSTICE M.S.RAMESH

CRP.(NPD).Nos.1496 to 1498 & 2234 of 2018
and
C.M.P.Nos.7972 to 7977 & 14031 of 2018

In CRP.No.1496 of 2018

The Managing Director,
Tamil Nadu State Transport
Corporation,
Dharmapuri. .. Petitioner

V.

1.Vendamani

2.Minor Thirumalai

Minor rep. by his guardian &
mother Vendamani

3.Amirthammal

4.Pandurangan

5.Arumugam .. Respondents

In CRP.No.1497 of 2018
The Managing Director,
Tamil Nadu State Transport
Corporation,
Dharmapuri. .. Petitioner

V.

1.Meera

2.Minor Sandhiya

3.Minor Priya

4.Minor Kavitha

Minors 2 to 4 rep. by their guardian &
mother Meera

5.Vadivel Udaiyar

6.Manoranjitham .. Respondents

<u>In CRP.No.1498 of 2018</u>

The Managing Director,
Tamil Nadu State Transport
Corporation,
Dharmapuri. .. Petitioner

V.

1.Vediyammal

2.Minor Sevvanthi

3.Minor Amsa

Minors rep. by their Guardian
and Morther Vediyammal

4.Saraswathi

5.Rajagopal

6.Rajakumari

7.Minor Sembaruthi

Minor rep., by her guardian
and mother Saraswathi .. Respondents

In CRP.No.2234 of 2018
The Managing Director,
Tamil Nadu State Transport
Corporation (Villupuram) Ltd.,
Cuddalore Region. .. Petitioner

V.

K.Vinayakamoorthy .. Respondent

PRAYER in CRP.1496 of 2018: Civil Revision Petition is filed under Article 227 of the Constitution of India, against the fair and decreetal order dated 09.12.2017 passed by the learned District Sessions Judge, Tiruvannamalai in E.A.No.36 of 2017 in R.E.P.No.3 of 2015 in M.C.O.P.No.182 of 2007.

PRAYER in CRP.1497 of 2018: Civil Revision Petition is filed under Article 227 of the Constitution of India, against the fair and decreetal order dated 09.12.2017 passed by the learned District Sessions Judge, Tiruvannamalai in E.A.No.38 of 2017 in R.E.P.No.96 of 2014 in M.C.O.P.No.586 of 2008.

PRAYER in CRP.1498 of 2018: Civil Revision Petition is filed under Article 227 of the Constitution of India, against the fair and decreetal order dated 09.12.2017 passed by the learned District Sessions Judge, Tiruvannamalai in E.A.No.40 of 2017 in R.E.P.No.84 of 2013 in M.C.O.P.No.325 of 2011.

PRAYER in CRP.2234 of 2018: Civil Revision Petition is filed under Article 227 of the Constitution of India, against the conditional order dated 26.06.2018 passed by the learned Special Sub Judge No.II, Villupuram in E.A.No.16 of 2018 in E.P.No.20 of 2017 in M.C.O.P.No.388 of 2014.

For Petitioner : Mr.D.Venkatachalam
in CRP.1496 to 1498/2018

For Petitioner : Ms.S.Rajeni Ramadass
in CRP.2234/2018

For Respondent : No Appearance
Nos.1 to 3
(in CRP.1496 to 1498/2018)

For Respondents : Mr.L.S.M.Hasan Fizal
in CRP.2234/2018 for K.Arunagiri

Amicus Curiae : Mr.Pramodh Kumar Chopra

O R D E R

Challenging the order passed by the learned District Sessions Judge Tiruvannamalai in E.A.No.36 of 2017 in R.E.P.No.3 of 2015 in M.C.O.P.No.182 of 2007, E.A.No.38 of 2017 in R.E.P.No.96 of 2014 in M.C.O.P.No.586 of 2008 & E.A.No.40 of 2017 in R.E.P.No.84 of 2013 in M.C.O.P.No.325 of 2011 dated 09.12.2017 and the order passed by the learned Special Sub Judge No.II, Villupuram in E.A.No.16 of 2018 in E.P.No.20 of 2017 in M.C.O.P.No.388 of 2014 dated 26.06.2018, the present Civil Revision Petitions have been preferred by the Tamil Nadu State Transport Corporation, Dharmapuri and Villupuram respectively.

2. Heard the learned counsels appearing for the parties and Mr.Pramodh Kumar Chopra, learned Amicus Curiae.

3. The point involved in all these Civil Revision Petitions is as to the validity of the findings of the Execution Court that Income Tax cannot be deducted at Source (TDS) from and out of the interest amount paid on the compensation awarded by the Motor Accident Claims Tribunal (hereinafter referred to as 'MACT'). Since the grounds raised in all these Civil Revision Petitions are one and the same, a common order is passed.

4. The Tamil Nadu State Express Transport Corporation is the petitioner in all the Civil Revision Petitions. The decree passed in all these claim petitions before the Motor Accident Claims Tribunal is between 2007 and 2015. When the petitioner herein had failed to pay the compensation amount, the Execution Petitions came to be filed. Subsequently, the Execution Courts had passed orders attaching the vehicles belonging to the petitioner's Corporation. When the Transport Corporation had filed applications, seeking to raise the order of attachment, the impugned orders came to be passed, wherein, it was held that TDS amount cannot be deducted from the interest of the compensation awarded.

5. The only ground raised by the learned Standing counsels for the Corporation is that under Section 194(A) of the Income Tax Act, 1961, the interest portion awarded by the Motor Accident Claims Tribunal should be subjected to deduction of TDS, if it exceeds Rs.50,000/-. Hence, the learned counsel submitted that in view of the statutory provision, the Execution Court was not correct in finding that TDS cannot be deducted on the interest amount of the compensation.

6. The short question involved in all these Civil Revision Petitions is as to whether the Transport Corporation is justified in deducting the TDS from and out of the interest amount by placing reliance on Section 194(A) of the Income Tax Act. Though the petitioner as well as the respondents placed reliance on various decisions, for and against the aforesaid propositions, this Court is of the view that the Civil Revision Petitions required to be rejected on one single ground.

7. Section 194(A) of the Income Tax Act, 2015 (prior to amendment), reads as follows:-

> *"**194A**. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income by way of interest on securities, shall at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income tax thereon at the rates in force:*
>
> *(Proviso omitted)*
>
> *(3) The provisions of sub section (1) shall not apply-*
>
> *Proviso 3(i) to (viii) omitted*
>
> *3(ix) to such income credited by way of interest on the compensation amount awarded by the Motor Accident Claims Tribunal:*
>
> *(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees;"*

Thus, as per the aforesaid provision, when the aggregate of the income during the financial year exceeds Rs.50,000/-, the Corporation is bound to deduct TDS. In all the present awards, the interest amount has been calculated from the date of the petitions between 2007 and 2015. Thus, the interest amount has been spread over all these financial years between the date of petitions filed before the MACT till the date of deposit. If the interest on the compensation amount is equally spread over each of the financial year between the aforesaid dates, such an income would be less than Rs.50,000/- for each financial year. As such, by applying 194(A)(3)(ix), the Corporation will not be bound to deduct TDS on the interest amount.

8. Though the Execution Courts in all the present cases, as held that the TDS cannot be deducted on the interest amount on other grounds, the ultimate finding would be correct in view of the reasoning given by this Court in the present Civil Revision Petitions. In view of the findings of this Court, I do not deem it necessary to address the various grounds raised by the parties before this Court as well as the decisions relied upon by them.

9. This Court, would also like to place its appreciation for the assistance rendered by the learned Amicus Curiae.

10. In the light of the above observations, I do not find any reason to interfere with the findings of the Execution Courts while

holding that TDS cannot be deducted from the interest amount awarded on the compensation. Hence, the Civil Revision Petitions stand dismissed. Consequently, connected Miscellaneous Petitions are also closed. No costs.

05**.04.2019**

Index : Yes/No

Order :Speaking/Non Speaking

DP

To

1.The District Sessions Court,
Tiruvannamalai.

2.The Special Sub Court,
Villupuram.

M.S.RAMESH, J.

DP

Orders made in

CRP.(NPD).Nos.1496 to 1498 & 2234 of 2018

and

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