

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.12331 of 2013

Barh Super Thermal Power Project, Barh (A unit of NTPC Ltd. a PSU) through its Manger (Finance) Shri Harjendra Singh S/O Late Karnail Singh Resident of C-14, Jagat Amravati Apartment, Bailey Road, P.O. G.P.O. & P.S. S.K.Puri, Dist. Patna.

... .. Petitioner/s

Versus

1. The State of Bihar
2. The Commissioner of Commercial Taxes, Bihar, Patna
3. The Joint Commissioner of Commercial Taxes (A.D.M.), Patna
4. The Assistant Commissioner of Commercial Taxes, Incharge, Barh

... .. Respondent/s

Appearance :

For the Petitioner/s	:	Mr.Ramesh Kumar Agrawal
For the Respondent/s	:	Mr.Lalit Kishore (AG)
		Mr.Vikash Kumar (SC 11)

CORAM: HONOURABLE THE CHIEF JUSTICE

and

HONOURABLE MR. JUSTICE S. KUMAR

ORAL JUDGMENT

(Per: HONOURABLE THE CHIEF JUSTICE)

Date : 09-09-2020

Petitioner has prayed for following relief (s) : -

- a) For issuance of an appropriate writ, order or direction quashing the two Notices of Hearing (Nos. 438 and 439) in prescribed Form N.V. dated 16.03.2013 [served on 18.03.2013] (Annexure-1 series) issued by the Respondent no.4 u/s 8 of Entry Tax Act read with section 25/31 (1) of BVAT, 05 for the period 2006-07, providing only 2 days time (i.e. 20.03.2013) to comply with the same, depriving the petitioner of reasonable opportunity of hearing being in utter violation of principles of equity and natural justice and thus fit to be quashed.
- b) For issuance of appropriate writ, order or direction quashing the ex-parte Reassessment



Order and the resultant Demand Notice dated 21.03.2013 [Annexure-2 series] in Form N VIII issued by the respondent no.4 to the extent it levies Entry Tax (amounting to Rs.2,40,19,778.50/-) @ 8% on '*Central Purchases*' (i.e. '*Mechanical Items*' and '*Plant & Machinery*' etc) being higher than the rate of 4% prescribed for the aforesaid items under the Bihar Value Added Tax Act, 2005 ('BVAT, 05').

- c) For issuance of an appropriate writ, order or direction quashing the aforesaid *ex-parte* Reassessment Order dated 20.03.2013 and the resultant Demand Notice dated 21.03.2013 [Annexure 2 series] in Form N VIII issued by the respondent no.4 to the extent it illegally imposes a penalty u/s 31(2) (a) of Rs.75,65,748.00/-.
- d) For quashing Entry 17 introduced vide Notification S.O.95 dated 31st July, 2008 levying Entry tax on '*Electrical Goods*', '*plant and machinery*' etc. at a higher rate (8%) than the rate prescribed (4%) under BVAT, 05 being discriminatory, fit to be struck down. [Refer (2008) 13 VST 40 (Pat)].”

The present petition was tagged along with the other cases of similar nature and listed for hearing before different Benches from time to time.

In effect, the petitioner challenged the Constitutional validity of different provisions of the Bihar Tax on Entry of Goods into Local Area for Consumption, Use or Sale Therein Act, 1993, as amended from time to time.

It is a matter of record that Hon'ble the Apex Court vide judgment dated 14th of July, 2006 passed in Civil Appeal



No. 3453 of 2002, titled as **M/s. JINDAL STAINLESS Ltd. & ANR. Vs. STATE OF HARYANA AND ORS.** had permitted the parties, before the Supreme Court, to place within two months additional material in the concerned writ petitions.

In most of the cases, such an additional material was not placed by the parties, perhaps for the reason that the issue decided in terms of the said judgment was pending consideration before a Larger Bench of Hon'ble the Apex Court.

Subsequently, a Constitution Bench (Nine Judges) of the Hon'ble Apex Court in the case of **JINDAL STAINLESS LIMITED & ANOTHER VS. STATE OF HARYANA & OTHERS, reported in (2017) 12 SCC 1**, after examining the correctness of the decision rendered in the case of **Jindal Stainless Ltd. (2) and another Vs. State of Haryana and others, reported in (2006) 7 SCC 241** has observed as under:

“1159. By majority the Court answers the reference in the following terms:

1159.1. Taxes simpliciter are not within the contemplation of Part XIII of the Constitution of India. The word “free” used in [Article 301](#) does not mean “free from taxation”.

1159.2. Only such taxes as are discriminatory in nature are prohibited by [Article 304\(a\)](#). It follows



that levy of a non-discriminatory tax would not constitute an infraction of [Article 301](#).

1159.3. Clauses (a) and (b) of [Article 304](#) have to be read disjunctively.

1159.4. A levy that violates Article 304(a) cannot be saved even if the procedure under [Article 304\(b\)](#) or the proviso thereunder is satisfied.

1159.5. The Compensatory Tax Theory evolved in *Automobile Transport case* and subsequently modified in *Jindal's case* has no juristic basis and is therefore rejected.

1159.6. The decisions of this Court in *Atiabari*, *Automobile Transport* and *Jindal* cases and all other judgments that follow these pronouncements are to the extent of such reliance overruled.

1159.7. A tax on entry of goods into a local area for use, sale or consumption therein is permissible although similar goods are not produced within the taxing State.

1159.8. [Article 304 \(a\)](#) frowns upon discrimination (of a hostile nature in the protectionist sense) and not on mere differentiation. Therefore, incentives, set-offs etc. granted to a specified class of dealers for a limited period of time in a non-hostile fashion with a view to developing economically backward areas would not violate [Article 304\(a\)](#). The question



whether the levies in the present case indeed satisfy this test is left to be determined by the regular Benches hearing the matters.

1160. States are well within their right to design their fiscal legislations to ensure that the tax burden on goods imported from other States and goods produced within the State fall equally. Such measures if taken would not contravene [Article 304\(a\)](#) of the Constitution. The question whether the levies in the present case indeed satisfy this test is left to be determined by the regular Benches hearing the matters.

1161. The questions whether the entire State can be notified as a local area and whether entry tax can be levied on goods entering the landmass of India from another country are left open to be determined in appropriate proceedings.”

Perhaps, the only surviving issue requiring consideration by this Court is the one pointed out in Paragraph 1161, reproduced supra.

However, after the matter was heard for some time, we find the record to be totally silent on facts or grounds with regard thereto. No doubt, the issue is purely legal. But even the relevant provisions of the Statute claimed to be ultra vires are not on record and the reason is not far to seek for the petition



was filed way back in the year, 2013 and the Legislation was amended/enforced subsequently. That apart, even during the course of hearing we found absolute incoherence with regard thereto.

As such, we are of the considered view that each one of the petitioners file a fresh petition placing on record not only the specific legislation or part thereof, Constitutional validity whereof they wish to challenge, as also specify the grounds, in addition to the one reproduced supra.

This they are permitted to do so within a period of eight weeks on the same and subsequent cause of action. As and when such petition is filed, the same shall be considered for hearing on priority basis.

Learned counsel for the petitioner invites our attention to the interim order dated 22.08.2013 and prays that the same to be made absolute, infinality.

We are not inclined to allow such a prayer. However, since we permit the petitioner to file an exhaustive petition on the same and subsequent cause of action, the such interim order(s) would continue for a further period of eight weeks, within which, a fresh petition be filed. We clarify that if such a petition is not filed within eight weeks and mentioned for



early listing, the interim order(s) shall automatically stand vacated, without any further reference to this Court.

Petition stands disposed of in the aforesaid terms.

Interlocutory Application, if any, shall stand disposed of.

(Sanjay Karol, CJ)

(S. Kumar, J)

Sujit/chn/-

AFR/NAFR	
CAV DATE	
Uploading Date	18.09.2020
Transmission Date	

