BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Date : 19/12/2024

CORAM

THE HON'BLE MR.K.R.SHRIRAM, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE L.VICTORIA GOWRI

W.P.(MD). No.5592 of 2014

Pandiyan Grama Bank Officers Union,
Represented by its General Secretary,
T. Sankaralingam. ... Petitioner

-vs-

1 Union of India,
Represented by its Secretary Government,
Ministry of Finance,
New Delhi.

2 The Central Board of Direct Taxes,
North Block,
New Delhi- 110 001.

3 The Chief Commissioner of Income Tax,
Ayakar Bhavan,
Numgambakkam,
Chennai- 600 034.

4 The Pandiyan Grama Bank,
Represented by the Chairman.,
2/70/1 Collectorate Complex,
Virudhunagar – 626 002. ... Respondents

PRAYER :- Writ Petition, filed under Article 226 of the Constitution of India, praying for issuance of a Writ of Declaration, declaring that Section 17 (2) (vi) of Income Tax Act and Rule 3 (7) (i) of Income Tax Rules and that part bearing para 3) captioned "Perquisite Value in respect of interest free or Concessional loans: [3(7)(i) of IT Rules]" captioned "PERQUISITES (Under Sec. 17(2)" of Annexure - 1 being Enclosure to PAD Circular No. 75/2013-2014 of dated 07.02.2014 issued by the 4th Respondent.

For Petitioner : Ms.D.Geetha

For Respondent 1 : Mr.S.Jeyasingh
R-2 to R-4 : W.P. Dismissed for default

ORDER

(Order of the Court was made by the Hon'ble The Chief Justice)

Counsel for petitioner states, in view of the finding of the Apex Court in Civil Appeal No.7708 of 2014 in the case of *All India Bank Officers' Confederation v. The Regional Manager, Central Bank of India, and Others*, the present petition may be dismissed.

2. It will be apposite to reproduce Paragraph 31 of the said judgment as under :

> *"31. We are of the opinion that the enactment of subordinate legislation for levying tax on interest free/concessional loans as a fringe benefit is within the rule-*

making power under Section 17(2)(viii) of the Act. Section 17(2)(viii) itself, and the enactment of Rule 3(7)(i) is not a case of excessive delegation and falls within the parameters of permissible delegation. Section 17(2) clearly delineates the legislative policy and lays down standards for the rule-making authority. Accordingly, Rule 3(7)(i) is intra vires Section 17(2)(viii) of the Act. Section 17(2)(viii) does not lead to an excessive delegation of the 'essential legislative function'."

3. Writ Petition stands dismissed accordingly. No costs. Consequently, the connected M.P.(MD) No.3 of 2014 is closed.

(K.R.SHRIRAM, C.J.) **(L.VICTORIA GOWRI, J.)**

19.12.2024

NCC : Yes/No
Index : Yes/No

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