VRJ

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.2379 OF 2025

Athani Sugars Ltd. … Petitioner

V/s.

Gram Panchayat Anturli
Through Gram Sevak/Sarpanch & Ors. … Respondents

Mr. Drupad S. Patil i/by Namitkumar S. Pansare for the petitioner.

Mr. G. B. Naik for respondent No.1.

Mr. Rohit Sakhadeo for respondent Nos.2 and 3.

Ms. Kavita N. Solunke, AGP for the State.

CORAM : AMIT BORKAR, J.

DATED : MARCH 25, 2025

P.C.:

1. Challenge in the present Writ Petition is to the order dated 5th August 2024 passed by respondent No.2, as also to the earlier order dated 23rd November 2022 passed by respondent No.3. These impugned orders have been assailed on the ground that the determination of tax liability by the authorities below has not been carried out in accordance with the mandatory provisions of the Maharashtra Village Panchayats Taxes and Fees Rules, 1960 (hereinafter referred to as the "Rules, 1960").

2. The petition arises out of a demand notice issued by respondent No.1 for recovery of tax dues. The said demand culminated in the filing of statutory appeals and passing of consequential orders. Ultimately, the Block Development Officer (BDO), by order dated 11th March 2024, quantified the tax liability of the petitioner at an amount of ₹38,51,075/-. The petitioner is aggrieved by the said determination on the ground that it is contrary to the parameters prescribed under Rule 7 of the Rules, 1960, particularly the formula prescribed therein for computing the tax on buildings and lands.

3. Learned Advocate appearing on behalf of the petitioner has invited the attention of this Court to the provisions of Rule 7 of the Rules, 1960, which lays down the methodology for fixing the rate of tax on buildings and lands. It is submitted that as per Rule 7(1), the rate of tax is required to be computed on the basis of the capital value of the building or land, and the same is to be derived from the formula set out under Clause (a) of Rule 7. The said formula mandates consideration of various parameters such as the area of the building, the annual value rate of land, rate of construction as per the type of construction, applicable depreciation, and most importantly, the weightage ascribed to the usage of the building, as specified in Schedule A.

4. The concept of weightage as applicable to the use of a building is statutorily defined under Clause 1 of Schedule A appended to the Rules, 1960. Upon perusal of the petitioner's activities and nature of use of the premises, it is evident that the petitioner's establishment falls under Serial No.2 of Schedule A, which pertains to "Industrial" usage, and attracts a weightage factor of 1.20. It is thus incumbent upon the Panchayat to adopt this weightage while computing the capital value of the building in question. Once the appropriate category and corresponding weightage have been identified, it is necessary that the remaining parameters forming part of the prescribed formula under Rule 7(a) are applied in a fresh computation, strictly in accordance with law. The Panchayat shall also afford an opportunity of hearing to the petitioner before finalizing the tax liability, so as to satisfy the principles of natural justice.

5. In view of the aforesaid discussion and having regard to the statutory scheme under the Rules, 1960, this Court finds that the impugned orders passed by respondent authorities are vitiated by failure to adhere to the mandatory computation formula prescribed under Rule 7. The same, therefore, cannot be sustained in the eyes of law and are liable to be quashed and set aside.

6. Accordingly, respondent No.1 is directed to reassess the tax liability of the petitioner by undertaking a fresh exercise for determination of tax as per the formula prescribed under Rule 7(a) of the Rules, 1960, taking into account the applicable weightage of 1.20 corresponding to Serial No.2 (Industrial) in Schedule A. The computation shall be carried out strictly in accordance with the provisions of law, and only after granting a reasonable opportunity of hearing to the petitioner.

7. It is further clarified that while computing the tax liability afresh, the Panchayat shall be guided by and strictly adhere to the all parameters set out in Schedule A and Rule 7(a) of the Rules, 1960

8. The writ petition is accordingly disposed of in the above terms. There shall be no order as to costs.

9. Pending interlocutory application(s), if any, stand disposed of.

(AMIT BORKAR, J.)