IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 20.3.2025

Delivered on : 09.06.2025

CORAM

THE HON'BLE MR.JUSTICE A.D.JAGADISH CHANDIRA

C.R.P.No.713 of 2025

The Commissioner,
Vellore City Corporation,
Vellore. Petitioner

vs.

Hotel Surabi International Private Limited,
rep. by its Director,
having its office at
No.33, Officers Line,
Vellore 632 001. Respondent

Civil Revision Petition filed under Article 227 of the Constitution of India against the Fair and Decreetal order dated 5.2.2014 in C.M.A.No.01 of 2013 on the file of the Principal District Judge at Vellore, Vellore District confirming the order dated 7.3.2013 in T.A.T.No.01 of 2012 on the file of the Tax Appellate Tribunal, Vellore Corporation.

For Petitioner : Mr.J.Ravindran,
Additional Advocate General
for Mr.P.S.Prabu, Standing Counsel
for Vellore Corporation.

For Respondent : Mr.T.Mathi

ORDER

An order passed by the Principal District Judge, Vellore confirming the order passed by the Tax Appellate Tribunal, Vellore Corporation, which had reduced the property tax assessment payable by the respondent herein for the half year of 2002-2003 from Rs.4,07,219/- to Rs.2,27,300/- has been put to challenge by the Commissioner, Vellore City Corporation.

2. Brief facts of the case are as under:-

i) The respondent herein, having been levied with a property tax of Rs.4,07,219/- for the half year 2002-2003 vide Assessment Order No.75801, had preferred an Appeal before the Tax Appellate Tribunal, Vellore Corporation contending that only the carpet area ought to have been considered for assessing the tax instead of plinth area to the extent of 35219 sqft. and also construing the structure as an industrial establishment.

ii) The appellant herein had taken a stand as if proper assessment has been made taking into consideration the extent of the property as 35219 sqft.

iii) Pending the Appeal, an Application in I.A.No.4 of 2012 had been filed by the respondent/assessee for appointment of a surveyor to measure the extent of the subject property and on dispute over the report of the surveyor, appointment of another independent surveyor was made at the instance of the respondent/assessee.

iv) Thereafter, based on the report of the surveyor, the respondent/assessee had sought for considering the extent of the property for assessment as 19670.50, which being the carpet area.

v) The Tax Appellate Tribunal, having observed that as per Section 83(3)(i)(a) of the Tamil Nadu District Municipalities Act (V of 1920) as amended by Act 34 of 1998, the basic property tax for every building shall relate to the **carpet area** of the building and its usage, has come to a conclusion that the extent of the subject property has to be construed as 19670.50 sqft and thereby reduced the tax payable by the respondent/assessee to Rs.2,27,300/-.

vi) Having concurred with the finding of the Tax Appellate Tribunal, Vellore Corporation, the Principal District Judge, Vellore had dismissed the appeal preferred by the appellant herein.

vii) Aggrieved against the same, the present civil revision has been filed by the Commissioner, Vellore City Corporation.

3. Heard Mr.J.Ravindran, learned Additional Advocate General assisted by Mr.P.S.Prabu, learned Standing Counsel for the appellant and Mr.T.Mathi, learned counsel for the respondent and perused the materials available on record.

4. The crucial point urged by the learned Additional Advocate General appearing for the appellant is that both Tax Appellate Tribunal and the Principal District Judge Vellore had erred in concluding that the property tax in respect of the property of the respondent had to be levied only in respect of the carpet area as per the Amendment Act while the ground reality being that the Amendment Act was not in force on the date of assessment in view of its suspension, rather, it was never brought into effect and thereby the original assessment made by the appellant holds good.

5. The whole issue is surrounded only by the method of assessment of property tax as to whether it should be on the basis of extent of carpet area or plinth area. Therefore, this court is of the view that a careful reading and analysis of the legal provisions concerned would throw some light on the issue and thereby they need

to be extracted hereunder for ready reference.

6. Originally, the legal provision that governed the assessment of property tax was Section 82 of Tamil Nadu District Municipalities Act (V of 1920), which reads as under:-

> *"82. Method of assessment of property — (1)* ***Every building*** *shall be assessed* ***together with its site*** *and other adjacent premises occupied as an appurtenance thereto unless the owner of the building is a different person from the owner of such site or premises."*

7. Whileso, an Amendment Act 9 of 1999, viz., The Tamil Nadu Urban Local Bodies Act, 1998 was sought to be brought into effect from 1.8.2000, repealing the old Act viz., Tamil Nadu District Municipalities Act (V of 1920) as per Section 200(1)(b) of the said Amendment Act. Section 84(3)(i)(a) of the said Amendment Act 9 of 1999 dealt with the assessment of property tax. It reads as under:-

> "84(3)(i)(a) The basic property tax for every building shall relate to the **carpet area** of the building and its usage."

8. Though the above legal provision contemplated for assessing the property tax only in respect of carpet area, the said Amendment Act came to be suspended by Act 33 of 2000, viz., the Tamil Nadu Urban Local Bodies (Suspension of Operation) Act, 2000, which came into force on 23.8.2000. Act 33 of 2000 also revived the Acts that were repealed by Act 9 of 1999. Section 3 of Act 33 of 2000 reads as under:-

> *"3. The Acts referred to in sub-section (1) of section 200 of the 1998 Act (hereinafter referred to as the repealed Acts) and all rules, by-laws, notifications, notice, orders, directions or any other proceedings issued and schemes framed and works sanctioned by the State Government or any corporation or municipality or town panchayat, as the case may be, under* ***the repealed Acts which were in force immediately before the 1st day of August 2000 shall, for all purposes, be deemed to have been revived on and from the 1st day of August 2000.****"*

9. While the above Act 33 of 2000 had revived the old Act viz.,

Act V of 1920 with effect from 1st day of August 2000 suspending the Amendment Act 9 of 1999, which was intended to be brought into force on the same day viz., 1st day of August 2000, the said Amendment Act viz., Act 9 of 1999 called as the Tamil Nadu Urban Local Bodies Act, 1998 was, later, revived with certain amendments by the Tamil Nadu Urban Loal Bodies (Amendment) Act, 2022 (Tamil Nadu Act 35 of 2022) with effect from 13.4.2023. In Act 35 of 2022, Section 83 of the new Act viz., deals with the assessment of property tax and the same is extracted hereunder:-

> **83. Method of assessment and calculation of property tax.**— (1) Every building shall be assessed together with its site and other adjacent premises occupied as an appurtenance thereto unless the owner of the building is a different person from the owner of such site or premises.

10. Though the above said Act 35 of 2022 is said to have been brought into force from 13.4.2023, of course, reviving the suspended Act 9 of 1999 viz., The Tamil Nadu Urban Local Bodies Act, 1998 with

certain amendments, so far as assessment of property tax is concerned, section 83 of the new Act has merely given rebirth to Section 82 of the old Act viz., Act V of 1920. To be precise, the concept of assessment of property tax on the basis of carpet area has been rescinded and virtually, the method of assessing the property tax on the basis of carpet area has never come into force.

11. On a close scrutiny of the above legal provisions and the orders passed by the Tax Appellate Tribunal, Vellore and the Principal District Judge, Vellore, this court finds that the Tax Appellate Tribunal, Vellore had wrongly concluded that the property tax had to be assessed in respect of carpet area alone in view of Section 83(3)(i)(a) of the Tamil Nadu District Municipalities Act, (V of 1920) as amended by Act 34 of 1998 **(sic for Section 84(3)(i)(a) of the Amendment Act 9 of 1999)** as it is seen that Act 9 of 1999 never came into force and the Principal District Judge, Vellore had also erred in concurring with the finding of the Tax Appellate Tribunal.

12. In view of the above, this court is of the firm view that both

the forums have erred in allowing the claim of the respondent herein and thereby holding that the property tax had to be assessed based on the extent of carpet area alone. As a result, the reduction of property tax made thereunder does not hold good. The civil revision petition is allowed. The orders passed by both the Tax Appellate Tribunal, Vellore and the Principal District Judge, Vellore are set aside. No costs.

09.6.2025.

Index: Yes/No.
Internet: Yes/No.
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To

1. Principal District Judge
   Vellore, Vellore District.

2. Chairman,
   Tax Appellate Tribunal,
   Vellore Corporation.

3. Director,
   Hotel Surabi International Private Limited,
   No.33, Officers Line,
   Vellore 632 001.

A.D.JAGADISH CHANDIRA, J.

Ssk.

P.D. ORDER IN
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