IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 15.09.2025

CORAM

THE HONOURABLE MR.JUSTICE V.LAKSHMINARAYANAN

W.P.No.19896 of 2025
and
W.M.P.Nos.22444 & 22445 of 2025

M/s.VKSS & Co.,
Rep by its
Working Partner,
S.Kailai Eswaran (M/25),
S/o.S.Sundararaj,
36A, Therkkumedu, Veeraganur Post,
Thalaivasal Taluk, Salem District. .. Petitioner

Vs.

1.State of Tamilnadu,
Rep by its Principal Secretary to Government,
Transport Department,
Secretariat, Chennai – 600 009.

2.The Regional Transport Officer,
Attur, Salem District.

3.The Assistant Audit Officer,
Salem – 5. .. Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified Mandamus calling for the records relating to the impugned order in Na.Ka.No.4930/A3/2024 dated 14.03.2025 on the file of the 2nd respondent quash the same and direct the

2nd respondent to register the vehicle of the petitioner viz., Construction Equipment Vehicle (T01241N5120A) under license for annual registration.

For Petitioner : Mr.S.Doraisamy

For Respondents : Mr.Haja Nazirudeen
Additional Advocate General
Assisted by
Mr.M.Shajahan
Special Government Pleader
and Mr.P.Hari Babu
Government Advocate

<u>O R D E R</u>

Heard Mr.S.Doraisamy for the petitioner, Mr.Haja Nazirudeen, Additional Advocate General assisted by Mr.M.Shajahan, Special Government Pleader and Mr.P.Hari Babu, Government Advocate for the respondents.

2.The petitioner seeks for the following relief:

> *"to issue a Writ of Certiorarified Mandamus calling for the records relating to the impugned order in Na.Ka.No.4930/A3/2024 dated 14.03.2025 on the file of the 2nd respondent quash the same and direct the 2nd respondent to register the vehicle of the petitioner viz., Construction Equipment Vehicle*

(T01241N5120A) under license for annual registration."

3.The petitioner is a Class-I Contractor. It is a partnership firm. It purchased a Construction Equipment Vehicle Type of Body - (Motor Grader) for the purpose of its work. The purchase was made on 12.01.2024. It is not in dispute that the motor grader is covered by the definition of "Construction Equipment Vehicle".

4.When the vehicle was sold, the vendor registered the vehicle temporarily. A temporary certificate of registration was issued by the Assistant Registering Authority, Salem Transport Department, Salem District. This registration was valid for a period of six months from 12.01.2024 to 11.07.2024. Since the petitioner proposed to use the vehicle in the State of Tamil Nadu, he submitted an application to the 2nd respondent seeking regular registration.

5.On the receipt of this application, the Regional Transport Officer, Attur, Salem District sought for the views of Assistant Audit Officer, Salem District / 3rd respondent on the issue whether the petitioner can pay registration tax annually, or life time tax at the rate of

8% of the total cost of the vehicle. The 3rd respondent answered the query stating that the petitioner would be liable to pay life time tax. On the basis of this opinion, the 2nd respondent issued an order on 14.03.2024, directing the petitioner to pay life time tax. Challenging the same, writ petition was filed before this Court in W.P.No.14824 of 2024.

6.This Court, after hearing the petitioner and the State, found that the proceedings of the Audit Officer to be unreasonable. This was because he had not examined Part I of the First Schedule, and the Tenth Schedule of the Tamil Nadu Motor Vehicle Taxation Act, 1974, (hereinafter referred to as 'the 1974 Act'). Consequently, it set aside the order of the 2nd respondent and directed him to re-examine the entire issue in accordance with the schedule given in the Amended Act and thereafter, come to a conclusion whether annual tax is to be paid or life time tax is to be paid for a “Construction Equipment Vehicle”. A period of three months was granted for the exercise to be re-done.

7.Pursuant to the directions given by this Court, the 2nd respondent passed the following order:

"பார்வை 2-ல் காணும் சென்னை உயர்நீதிமன்ற வழக்கு எண் 14824/2024 வழக்கின் தீர்ப்பில் திருத்தப்பட்டுள்ள சட்டத்தில் கொடுக்கப்பட்டுள்ள அட்டவணையின் படி கட்டுமான உபகரண வாகனத்திற்கு புதிய பதிவின்போது ஆண்டுவரி அல்லது ஆயுட்கால வரி மட்டுமே செலுத்த வேண்டுமா என்று சட்டத்தின்படி பரிசீலனை செய்து புதிய பதிவு மேற்கொள்ள உத்தரவிடப்பட்டுள்ளது. Tamil Nadu Government Gazette Extraordinary number 381 dated 07.11.23 in Section 2(1) and 4(1)(d)-ன்படி 10வது பட்டியல் Part 1 இல் உள்ளவாறு கட்டுமான உபகரண வாகனத்திற்கு வாகன புதிய பதிவின்போது, வாகன விலை மதிப்பீட்டில் எட்டு சதவீதம் (8%) ஆயுட்கால வரி வசூலிக்குமாறு தெரிவிக்கப்பட்டுள்ளது.

மேலும் Tamilnadu Government desert extraordinary number 381 page 142 section 5(a) Part 1 of the 10th schedule at the time of its new registration their lifetime tax shall be paid at the rates specified therein on a license to be taken out for the lifetime of such vehicle என

மாற்றம் செய்யப்பட்டுள்ளது.

எனவே மேற்கண்ட வாகனத்திற்கு ஆயுட்கால வரி செலுத்தி புதிய பதிவு மேற்கொள்ளுமாறு வாகன உரிமையாளருக்கு தெரிவித்துக் கொள்ளப்படுகிறது."

8.Aggrieved by the said order, the present writ petition.

9.Mr.S.Doraisamy argued that the petitioner is not interested in paying the life time tax for his vehicle. The petitioner wants to pay tax annually. He pleads that the 2nd respondent had wrongly interpreted the provisions of the 1974 Act and had passed the impugned order. He pointed out that the impugned order does not state anything with respect to Part-I of the First Schedule, or why the annual tax specified in Part-I of the First Schedule is not available to the petitioner. He relied upon Section 4(1) of the 1974 Act, [wrongfully stated in the affidavit as 4(1)(a) – There is no clause (a) in Section 4(1)] of the said Act to state when an option is given to the owner of the vehicle, it is for him to pay the annual tax or life time tax. The Registering Authority cannot insist upon the payment of life time tax. He pointed out Section 5(1)(a) of the

1974 Act refers to the amendment made through Section 4(1-A)(aa), and it applies only when exercising the option to pay life time tax at the time of registration. Thus, there are two options available to pay the tax and therefore, the impugned order should be quashed and the petitioner should be permitted to pay the annual tax and consequently, the 2nd respondent should register the vehicle bearing Registration No.T01241N5120A.

10.Per contra, Mr.Haja Nazirudeen, Additional Advocate General pleads that after the coming into force of the Amendment Act 30 of 2023 to the Tamil Nadu Motor Vehicle Taxation Act, 1974, in case of a new vehicle, there is no question of exercising an option. He pleads that this option is available only when temporary registration is sought for under Section 6 of the 1974 Act. If temporary registration is not sought for, he submits the only option available is to go for life time tax.

11.He states that in matters of taxation, the Court will have to apply the statute as it stands and cannot look into the purpose of the legislation. He further adds that when there is no ambiguity in the legislation and when the legislature has spoken in clear terms, this Court would have to apply the law as it is. He points out that the word "or" used by the legislature in the Amending Act indicates a mutually exclusive situation when it comes to old and new vehicles, and one cannot apply the principles in a general manner. To this effect, he relies upon the Statement of Objects and Reasons for bringing out Act 33 of 2023. He further states the following precedents:

(i)***Easland Combines, Coimbatore Vs. Collector of Central Excise, Coimbatore, (2003) 3 SCC 410***;

(ii)***National Mineral Development Corporation Ltd., Vs. State of M.P. and another, (2004) 6 SCC 281*** and

(iii)***Commissioner of Customs (Import), Mumbai Vs. Dilip Kumar and Company and others, (2018) 9 SCC 1***.

On these basis, he seeks for dismissal of the writ petition.

12.I have carefully gone through the records and I have applied my mind to the submissions made on both sides.

13.The simple issue presented before me is whether the owner of a new construction equipment vehicle has an option to pay tax on annual basis or would have to pay life time tax on the value of the vehicle.

14.Before I enter into the discussion on this issue, I would have to analyze the provisions of the 1974 Act. The State legislature brought out this legislation in the year 1974. This is an Act meant to consolidate and amend the law relating to levy of tax on motor vehicles in the State of Tamil Nadu. Prior to this legislation, there existed two other legislations, namely Tamil Nadu Motor Vehicles Taxation Act, 1931 and the Tamil Nadu Motor Vehicles (Taxation of Passengers and Goods) Act, 1952. The State decided to bring out a consolidated legislation by repealing the aforesaid two legislations. The present Act came into force with effect from 01.01.1974. Insofar as the legislative competence of the State of Tamil Nadu to enact such a legislation is concerned, it is traceable to Entry 57 List II to the VII Schedule of the Constitution - *"Taxes on Vehicles, whether mechanically propelled or not, suitable for use on roads, including tramcars". This entry is subject to Entry 35 List III - "Mechanically propelled vehicles including the principles on which taxes are to be levied".*

15.The Parliament had enacted the Motor Vehicles Act in 1939 and after its repeal, the Motor Vehicles Act, 1988. This is a law relating to motor vehicles alone. It deals with several aspects such as registration of motor vehicles, licensing of motor vehicles, control of motor vehicles, etc. Taxation is not an issue covered by the Motor Vehicles Act, 1988. It had to be covered as a separate legislation which is the present legislation under interpretation. Being a taxing statute, I have to see whether it has a charging Section as well as the rate of taxation.

16.Under the Act 13 of 1974, the charging Section is Section 3. Section 3(1) imposes tax on motor vehicles used of kept for use in the State of Tamil Nadu at the rate specified in the Schedule. Section 3(2) enables the Government to increase the rate of taxation in the Schedule. The restriction on this power of the Government being that it cannot increase more 50% of the rates mentioned in the Schedule. The payment of tax levied under Section 3 is covered under Section 4. Under Section 5, once a person has paid a tax due with respect to a motor vehicle, the Licensing Officer shall grant a license to such person for the period prescribed therein; or under Section 5(1)(b), record that no tax is payable with respect to the vehicle or that tax has been paid for a specified period. Such a certification is made in the certificate of registration granted or deemed to be granted under the provisions of the Motor Vehicles Act.

17.The Act also contemplates issuance of a temporary license. This is under Section 6. A temporary license can be granted for a period of 7 days, 30 days or 90 days with respect to any class of motor vehicles specified in the First Schedule. The rates are fixed under Section 6(a) to 6(c) of the 1974 Act. The other provisions are not relevant for the purpose of this case. Hence, I refrain from discussing the same. Suffice it to state that from the order of the Licensing Authority, which is the situation in the present case, an appeal lies under Section 20-B and the State Transport Commissioner also enjoys the power of revision under Section 20-C. The State has not raised the issue of alternate remedy as a bar to this writ petition. However, since a matter of interpretation of a statute is involved, and since this Court had earlier entertained the writ petition, I am not pushing the petitioner to the said remedy. This is because, the nature of controversy that is involved in the writ petition requires interpretation of the original legislation, as well as the amended statute. Hence, I exercise my discretion and hold that the writ petition is maintainable. See, ***Radha Krishnan Industries Vs. State of Himachal Pradesh and others, (2021) 6 SCC 771*** – paragraph No.27.

18.The Act being a taxing statute, I have to read it strictly. If the Act is clear, the Court will have to apply the legislation as it stands. In case, reading the statute discloses an ambiguity, then it should be construed in favour of the assessee. Keeping these principles in mind, I will now approach the Act.

19.I now bring about a comparative table between the Sections as it stood prior to the Amending Act, 30 of 2023, and how it stands today.

Prior to Amending Act	**After Amending Act**
3. (1) Subject to the provisions of sub-section (2), tax shall be levied on every motor vehicle used or kept for use in the state of Tami Nadu at the rate specified for such vehicle in the First schedule or in the Second schedule or in the Third schedule or in the Fifth schedule as the case may be. (2) The Government may, by notification, from time to time increase the rate of tax specified in the Schedule(s). Provided that such increase, by notification, under this sub-section shall not, in the aggregate, exceed fifty percent of the rate specified in the First schedule or in the Second schedule or in the Third schedule or in the Fifth	3. (1) Subject to the provisions of sub-section (2), tax shall be levied on every motor vehicle used or kept for use in the state of Tami Nadu at the rate specified for such vehicle in the First schedule or in the Second schedule or in the Third schedule or in the Fifth schedule or in the Seventh Schedule or in the Eighth Schedule or in the Ninth Schedule or the Tenth schedule as the case may be. (2) The Government may, by notification, from time to time increase the rate of tax specified in the Schedule(s). Provided that such increase, by notification, under this sub-section shall not, in the aggregate, exceed fifty percent of the rate specified in the First schedule or in the Second schedule or in the Third schedule or

Prior to Amending Act	After Amending Act
schedule as the case may be. (3) All references made in this Act to the Schedules shall be considered as relating to the Schedule(s) as for the time being amended in exercise of the powers conferred by this Section.	in the Fifth schedule or in the Seventh Schedule or in the Eighth Schedule or in the Ninth Schedule or in the Tenth schedule as the case may be.
4. (1) The tax levied under this Act shall, subject to the provisions of sub-section (1-A), be paid in the manner prescribed by the registered owner or by any other person having possession or control of the motor vehicle, at his choice, either quarterly, half-yearly or annually, on a licence to be taken out by him for that quarter, half-year or year, as the case may be (a) in respect of the motor vehicles specified in Part-I of the Second Schedule, in Part –I of the Third Schedule, in Part -I of the Seventh Schedule and in Part -I of the Eighth Schedule, at the time of its first registration, a life time tax shall be paid at the rates specified in Part –I of Second Schedule or in Part-I of Third Schedule or in Part I of the Seventh Schedule or in Part-I of the Eighth Schedule, as the case may be, on a licence to be taken out for the life time of such vehicles.	4. (1) The tax levied under this Act shall, subject to the provisions of sub-section (1-A), be paid in the manner prescribed by the registered owner or by any other person having possession or control of the motor vehicle, at his choice, either quarterly, half-yearly or annually, on a license to be taken out by him for that quarter, half-year or year, as the case may be. (1-A) Notwithstanding anything contained in sub-section (1);- (a) in respect of the motor vehicles specified in Part – I of the Second Schedule, in Part – I of the Third Schedule, in Part – I of the Fifth Schedule, in Part – I of the Seventh Schedule, in Part-I of the Eighth Schedule and in Part – I of the Tenth Schedule, at the time of its registration, a life time tax shall be paid at the rates specified therein, on a licence to be taken out for the life time of such vehicles; (aaa)in respect of the motor vehicles specified in Part-II of the Eighth Schedule, the tax shall be paid at the rates specified therein, on a licence to be taken out for such vehicles; (b) in respect of the old motor vehicles specified in Part – II of the Second Schedule, in Part – II of the Third Schedule, in Part – II of the Fifth Schedule, in Part – II of the Seventh Schedule, in Part – II of the Eighth Schedule and in Part – II of the Tenth Schedule, a life time tax shall be paid at the rates specified therein on a licence to be taken out for the life time of such vehicles;

Prior to Amending Act	After Amending Act
	"(d) in respect of construction equipment vehicles specified in the First Schedule, the tax shall be paid either annually at the rates specified therein or for the life time of such vehicles at the rates specified in Part I and of such old vehicles in Part II of the Tenth Schedule, on a license to be taken out for such vehicles for that year or for the life time, as the case may be."

20.Prior to the 2023 amendment, there was no X Schedule to Act 13 of 1974. It has been inserted by this amendment. In fact, till 2012, there was no definition for a 'Construction Equipment Vehicle'. That definition itself was added by virtue of an amendment brought about by the Tamil Nadu Act 13 of 2012 – see, Section 2(1).

21.Now, let us turn our attention to the Schedule which specifies the rates of taxation. The relevant Schedule for the present discussion are the First and the Tenth Schedules. The First Schedule fixes the rate of taxation for motor vehicles referred to under Sections 3 and 6. Tenth Schedule refers to Section 2(1) and 4(1-A)(d) [wrongly given in the 2023 Amended Act as Section 4(1)(d)]. Tenth Schedule itself is divided into two parts. Part-I deals with "new motor vehicles" and Part-II deals with "old motor vehicles". The option which Mr.S.Doraisamy refers to is found under Section 5(1)(b) of the Act. A similar option is also given under Section 4(1-A)(d) of the amended Act. It is Mr.S.Doraisamy's argument that even for new construction equipment vehicles, annual tax is contemplated as being Rs.15,000/- per year, which is found in Sl.No.8 of the amended First Schedule.

22.First Schedule does not apply across the Board. It is clear from the heading that First Schedule applies only for vehicles covered under Sections 3 & 6.

23.We have seen earlier that Section 6 applies only for temporary registration, i.e., A temporary license is issued for a period not exceeding seven days or thirty days or ninety days, for any class of motor vehicles specified in the Fist Schedule on payment of tax.

(a) in respect of a temporary licence exceeding thirty days, at the rate of quarterly tax.

(b) in respect of a temporary licence exceeding seven days but not exceeding thirty days, at the rate of one third of the quarterly tax: and

(c) in respect of a temporary licence not exceeding seven days at the rate of one-tenth of the quarterly tax.

24.It is only contract carriages, which continue to be governed by the proviso to Section 6 and the amount of tax payable by such category of vehicles is referable to Ninth Schedule. Section 6 itself makes it clear that the rate that could be levied by a Licensing Officer for a vehicle falling under that Section has to be in reference to the First Schedule. When the amendment was made in 2023 by inserting the Tenth Schedule, the legislature made it clear that the X Schedule is made exclusively applicable to "*Construction Equipment Vehicles*".

25.The X Schedule states that it is referable to vehicles covered under Section 2(1) and the amended Section 4(1-A)(d). We have extracted Section 4(1-A)(d) earlier. Section 4(1-A)(d) states in unambiguous language that in respect to "construction equipment vehicle" specified in the First Schedule, i.e., vehicles covered under Section 6 of the Act, an option is given to the owner to pay tax either annually, or for lifetime of such vehicles. The rate of taxation is found under Part-I. There is no Part-I specified in the First Schedule. It is the Tenth Schedule which has the Part-I and Part-II. As we are not concerned about the issuance of temporary license under Section 6, we have to go to the next Part of Section 4(1-A)(d). The next Part of Section 4(1-A)(d) states that old vehicles will be taxed in terms of Part-II of the Tenth Schedule. On a license being taken for such vehicles, it can either be for that year (annually), or for the lifetime of the vehicle as the case may be.

26.Insofar as new vehicles are concerned, it is Part-I of X Schedule which is applicable. The option of payment of tax either annually, or for a life time, relates to 'Construction Equipment Vehicle' covered by the First Schedule. That is to say, an owner of a construction equipment vehicle, who seeks registration for the vehicle in the State of Tamil Nadu, can either pay annual tax at the rate of Rs.15,000/- a year or life tax under Part I of X Schedule. For a new vehicle which is registered in the State of Tamil Nadu, it is Part I of the X Schedule which applies. In case, it is an old construction equipment vehicle, life time tax has to be paid as specified under Part II of the X Schedule.

27.The purpose of bringing forth this Section is clear from the Statement of Objects and Reasons circulated by the respondents. The purpose for which this legislation and these amendments are brought about from 2012 till 2023, is because the Government had not enhanced the rates of tax exercising its power under Section 3(2) of the 1974 Act.

Therefore, in order to augment the financial resources to the State Exchequer, the Government decided to amend the legislation.

28.Turning to the Tenth Schedule, this has two parts. The First Part deals with new motor vehicles which have to suffer life time tax at the rate of 8%. Part-II deals with old motor vehicles, which also have to suffer the payment of life tax. The rate of tax is dependent on the age of the vehicle. The combined reading of Sections 2(1) and 4(1-A)(d) and the Tenth Schedule, makes it clear that the legislature envisaged on the imposition of life tax at the differing rates for new vehicles and old motor vehicles. The Act contemplates an option of payment of annual tax or life tax only for vehicles which fall under the umbrella of Section 6. For every other vehicle which falls under Sections 4(1-A)(a), 4(1-A)(bb), 4(1-A)(bbb), 4(1-A)(c), the rate of taxation will be a life time tax at the specified percentage. There is no option for paying annual tax, if the vehicles fall under Second Schedule, Third Schedule, Fifth Schedule, Seventh Schedule, Eighth Schedule and Tenth Schedule.

29.The Schedule being a part of the statute, it will have to be read with the appropriate Section. That being the position, I am not in a position to accept the statement of Mr.S.Doraisamy that the writ petitioner is entitled to pay annual tax on a new motor vehicle of construction equipment class. The vehicle is squarely attracted under Part-I of the Tenth Schedule.

30.In the result, the Writ Petition is dismissed. The petitioner is granted four (4) weeks time to pay the life tax at the rate applicable to such vehicle, i.e., 8% of the cost of the vehicle at the time of registration. For a period of four (4) weeks, the respondents shall not seize the vehicle. The interim order granted by this Court will continue for a period of four (4) weeks. Once the petitioner pays the life tax for the vehicle bearing Registration No.T01241N5120A, the respondents shall register the vehicle as required under the Motor Vehicles Act, 1988. Consequently, the connected miscellaneous petitions are closed. No costs.

15.09.2025

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Index : Yes / No
Internet : Yes / No
Neutral Citation : Yes / No

V.LAKSHMINARAYANAN, J.

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To

1.State of Tamilnadu,
Rep by its Principal Secretary to Government,
Transport Department,
Secretariat, Chennai – 600 009.

2.The Regional Transport Officer,
Attur, Salem District.

3.The Assistant Audit Officer,
Salem – 5.

W.P.No.19896 of 2025

15.09.2025