BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 18.06.2025

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THE HON'BLE MR.JUSTICE C. SARAVANAN

W.P.(MD) No.16346 of 2025
and
W.M.P.(MD) Nos.12422 to 12424 of 2025

S.Peter ... Petitioner

Vs.

1.Additional Chief Secretary to
Government (FAC),
Natural Resources (MMC.1) Department,
Secretariat, Chennai - 600 009.

2.The Commissioner of Geology and Mining,
Guindy, Chennai - 600 032.

3.The District Collector,
Tirunelveli District.

4.The Assistant Director of Mines and Geology,
Tirunelveli District. ... Respondents

Prayer : Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus to call for the records relating to the impugned Demand Challan Number 20250417016423 dated 17.04.2025 for a sum of Rs.5,94,000/- and Demand Challan Number 20250417016155 dated 17.04.2025 for a sum of Rs.5,94,000/- and the demand raised thereunder and further levying of the Tamilnadu Mineral

Bearing Land Tax issued by the fourth respondent and quash the same as illegal and further forbear the respondents from collecting any tax under the head of Tamil Nadu Mineral Bearing Land Tax which is not applicable for the petitioner.

For Petitioner : Mr.Sricharan Rangarajan
Senior Counsel
for Mr.D.Saravanan

For Respondents : Mr.J.K.Jayaselan
Government Advocate

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O R D E R

The petitioner is before this Court challenging the impugned E-Challans bearing No.20250417016423 dated 17.04.2025, demanding a sum of Rs. 5,94,000/-, and No.20250417016155 dated 17.04.2025, also demanding a sum of Rs.5,94,000/-, issued against the petitioner under the provisions of the Tamil Nadu Mineral Bearing Land Tax Act, 2024, pursuant to the order of the Hon'ble Supreme Court.

2. The case of the petitioner is that he is not carrying on any mining activity so as to be liable to pay tax under the provisions of the Tamil Nadu Mineral Bearing Land Tax Act, 2024. It is submitted that the demand is without jurisdiction and goes to the root.

3. The learned Senior Counsel draws attention to the order passed by the Division Bench of this Court during the vacation on 21.05.2025, rendered in the case of ***Crusher Owners Federation, Hosur v. The Additional Chief Secretary to Government, Natural Resources Department, Department of Geology and Mining and others***, in W.M.P. Nos. 20584 & 20585 of 2025 in W.P. Nos. 18383 & 18386 of 2025, wherein a challenge was made to the requirement of obtaining permits by the members of the said Federation, and submits that the Court recorded the submission of the learned Advocate General and passed the following order:

> *When the miscellaneous petitions were taken up for hearing, Mr.P.S.Raman, learned Advocate General representing the respondents 1, 2 and 4 stated that as an interim arrangement, the District Collectors will issue transport permits to the members of the writ petitioner association for a period of four weeks without insisting on Tamil Nadu Mineral Bearing Land Tax Act, 2024. The statement of the learned Advocate General is recorded.*
>
> *2. The arrangement proposed by the learned Advocate General will not prejudice the petitioner association. Hence, the same is recorded.*

4. The learned Government Advocate appearing for the respondents, on the other hand, submits that in the proceedings of the District Collector, Tirunelveli (the third respondent herein), it has been

clearly stated that the contractors were required to pay the necessary tax before lifting and crushing stone. Therefore, the impugned demand has been made under the provisions of the aforesaid Act.

5. I have considered the arguments advanced by the learned Senior Counsel for the petitioner and the learned Government Advocate appearing for the respondents.

6. Section 3 of the Tamil Nadu Mineral Bearing Land Tax Act, 2024, is the charging section, as per which there shall be levied a tax called the "mineral bearing land tax" on land bearing any mineral specified in the Schedule, at such rates as specified therein. Thus, the levy of tax is on mineral-bearing land.

7. Section 4 of the Act contemplates the method of assessment, collection, and payment of tax. As per the provision, the tax shall be assessed, levied, and collected in such manner as may be prescribed, by such authority not below the rank of Assistant Director of Geology and Mining of the District concerned, as may be notified by the Government in the Tamil Nadu Government Gazette. The holder is required to pay the

tax specified in the Schedule in advance, in such manner as may be prescribed, and a receipt thereof shall be issued in the prescribed form. The receipt of payment is to be submitted to the notified authority before despatch. The holder is also required to submit returns in such form, for such period, and in such manner as may be prescribed. Further, the holder must maintain such accounts, registers, records, and other documents relating to the levy of tax, in the manner and form as may be prescribed. Section 4 of the Act reads as under:

> *4. **Assessment, collection and payment of tax.-** (1) The tax shall be assessed, levied and collected in such manner as may be prescribed, by such authority not below the rank of Assistant Director of Geology and Mining of the district concerned, as may be notified by the Government in the Tamil Nadu Government Gazette.*
>
> *(2) The holder shall pay the tax specified in the Schedule in advance in such manner as may be prescribed and a receipt therefor shall be issued in such form as may be prescribed. The holder shall submit the receipt of payment of tax to the notified authority before despatch.*
>
> *(3) The holder shall submit such returns in such form, for such period and in such manner as may be prescribed. *
>
> *(4) The holder shall maintain such accounts, registers, records and other documents relating to the levy of tax in such form and in such manner as may be prescribed.*

8. Section 5 of the Act contemplates the recovery of tax and penalty imposed on a defaulting person.

9. As per Section 13 of the Act, the power to remove difficulties in giving effect to the provisions of the Act is vested in the Government. Section 13 of the Act reads as under:

> *13. **Power to remove difficulties** - If any difficulty arises in giving effect to this Act, the Government may, by an order published in the Tamil Nadu Government Gazette, make such provisions not inconsistent with the provisions of this Act, as appear to them to be necessary or expedient for removing the difficulty: Provided that no such order shall be made after the expiry of a period of two years from the date of commencement of this Act.*

10. The Government has also issued the Tamil Nadu Mineral Bearing Land Tax Rules, 2025, to give effect to Section 4 of the Tamil Nadu Mineral Bearing Land Tax Act, 2024, which has been extracted above, and Rule 3 of the said Rules. However, it would apply only in a situation where there is a request from a holder for the despatch of a specified quantum of mineral upon payment of tax.

11. Rule 5 of the Tamil Nadu Mineral Bearing Land Tax Rules, 2025, deals with the recovery of tax. As per Rule 5 of the said Rules, where any amount payable by a holder, including tax and penalty, is due, the notified authority has to issue a notice of demand in Form-G. The amount so demanded shall be paid by the holder within a period of three months from the date of service of such notice.

12. The expression *'holder'* has been defined in Section 2(d) of the Tamil Nadu Mineral Bearing Land Tax Act, 2024, which means a person who holds a composite licence, exploration licence, prospecting licence, mining lease, quarrying lease, or any other mineral concession granted in respect of mineral-bearing land.

13. The expression *'mineral-bearing land'* has been defined in Section 2(f) of the Tamil Nadu Mineral Bearing Land Tax Act, 2024, which means any land that bears any mineral and in respect of which a composite licence, exploration licence, prospecting licence, mining lease, quarrying lease, or any other mineral concession, as the case may be, has been granted or is deemed to have been granted under the Mines and

Minerals (Development and Regulation) Act, 1957, the Oilfields (Regulation and Development) Act, 1948, or the rules made thereunder.

14. The petitioner appears to be a contractor who was awarded a contract merely for the transportation of minerals excavated during the excavation of the Thamirabarani, Karumeniyar, and Nambiyar Rivers. Any demand for tax must be preceded by a proper notice.

15. The provisions extracted above indicate that the assessment is to be made on the request of the holder, as defined in Section 2(d) of the Tamil Nadu Mineral Bearing Land Tax Act, 2024. Whether the petitioner is a holder of a licence, or whether the petitioner is indeed carrying on excavation activity as contemplated under Section 2(f) of the said Act, is to be determined before issuing the impugned demand notice.

16. Therefore, the impugned demand notice in each of the E-Challans is liable to be quashed and is hereby quashed, with liberty to the respondents to issue a proper show cause notice, calling upon the petitioner to show cause as to why the amount mentioned in the impugned E-Challans should not be demanded from the petitioner for the activity

undertaken.

17. If the respondents propose to proceed, they may do so by issuing a show cause notice and thereafter adjudicating the same. Since no period of limitation has been prescribed, there shall be a direction to the respondents to issue a show cause notice to the petitioner within a period of 15 days from the date of receipt of a copy of this order. The petitioner shall file a reply within a period of 30 days thereafter. Upon receipt of the reply, the respondents shall pass a fresh order on merits, after assigning proper reasons in the order to be passed pursuant to this order quashing the impugned E-Challans demanding tax.

18. Considering the fact that the petitioner is *prima facie* not a holder within the meaning of Section 2(d) of the Tamil Nadu Mineral Bearing Land Tax Act, 2024, there shall be a positive direction to the respondents to issue a transport permit to the petitioner for transporting the broken rock from the rivers pending show cause proceedings. As far as the seigniorage is concerned, the petitioner shall pay the same in accordance with the provisions of the Mines and Minerals (Development and Regulation) Act, 1957.

19. In the result, this Writ Petition stands allowed with the above observations. No costs. Consequently, the connected Miscellaneous Petitions are closed.

18.06.2025

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Index : Yes / No
Internet : Yes / No
Neutral Citation : Yes/No
Speaking Order / Non-Speaking Order

To

1.Additional Chief Secretary,
Natural Resources (MMC.1) Department,
Secretariat, Chennai - 600 009.

2.The Commissioner of Geology and Mining,
Guindy,
Chennai - 600 032.

3.The District Collector,
Tirunelveli District.

4.The Assistant Director of Mines and Geology,
Tirunelveli District.

C.SARAVANAN, J.

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