

A MOHAN DAS N. HEGDE (DEAD) THROUGH LRS.

v.

STATE OF KARNATAKA AND ANR.

MARCH 18, 2005

B [S.N. VARIAVA, DR. AR. LAKSHMANAN AND S.H. KAPADIA, JJ.]

C *Karnataka Motor Vehicle Taxation (Amendment) Act, 1997—Classification of vehicles based on value for levy of 'life time tax' — Reasonableness of—Held : As the State is competent to levy and collect tax under Entry 57 List-II of the seventh schedule to the Constitution, levy based on value cannot be struck down as unreasonable.*

D Appellant had challenged the validity of Karnataka Motor Vehicle Taxation (Amendment) Act, 1997 on the ground that levy of 'life time tax' on the value of the car exceeding 1500 CC is arbitrary, discriminatory and hit by Article 14 of the Constitution. Single Judge held that vehicle costing Rs. 6 lacs and above constituted a different class by itself and therefore, the levy cannot be said to be discriminatory. Division Bench upheld the same. Hence the present appeal.

E Appellant contended that the said Act has made an unreasonable classification between the vehicles costing more than Rs. 6 lacs and vehicles costing less than Rs. 6 lacs; that the motor vehicle taxes are compensatory in nature and can only be levied on the basis of the capacity of the engine, the weight of the vehicle and the floor area, as such parameters have nexus with the user and maintenance of the road; that by the introduction of one more parameter namely, the "value" of the vehicle, the impugned levy has ceased to be regulatory/compensatory in nature, and has no nexus with the wear and tear of the public road and hence the impugned Act was arbitrary, discriminatory and violative of Article 14 of the Constitution.

G Dismissing the appeal, the Court

H **HELD :** The classification under Karnataka Motor Vehicle Taxation (Amendment) Act, 1997 is based on value of vehicles for the levy of life time tax and indicates measure or a rate of tax applied differently on different vehicles depending upon various circumstances. Since there is

competence to levy and collect the tax under Entry 57 List-II of the seventh schedule to the Constitution, the levy cannot be struck down only on the ground that the incidence of the tax falls differently on different categories of the vehicles. The burden has to be distributed on different classes of vehicles or on different persons who owned the vehicles. It is not for the Court to decide the impact of such tax on different persons. [1130-D-F]

The State of Tamil Nadu v. M. Krishnappan and Anr etc., Civil appeal Nos. (1869)-(1880) of (2000) decided by supreme Court on March 18, (2005), relied on

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 7398 of 2000.

From the Judgment and Order dated 23.2.2000 of the Karnataka High Court in W.A .No. 7000 of 1999.

Ms. Kiran Suri and Himanshu Bhuttanand Mali Santosh, for the Appellant.

Anil Mishra, Sanjay R.Hegde and A. Rohan Singh, for the respondents.

The Judgment of the Court was delivered by

KAPADIA, J. This civil appeal by grant of special leave is filed by assessee against the judgment and order dated 23.2.2000 of the Karnataka High Court in Writ Appeal No. 7000 of 1999 upholding the constitutional validity of Karnataka Motor Vehicle Taxation (Amendment) Act, 8 of 1997 (hereinafter referred to as "the said 1997 Act").

The appellant was the owner of "Opel Astra" which was taxed on "value basis" under the impugned 1997 Act. The said 1997 Act was challenged on the ground that the levy of "life time tax" on the value of the car exceeding 1500 CC was arbitrary, discriminatory and hit by article 14 of the Constitution.

By order dated 29.6.1999, the learned Single Judge held that the vehicle costing Rs. 6 lacs and above constituted a different class by itself and, therefore, levy cannot be said to be discriminatory and violative of article 14 of the Constitution.

Aggrieved by the said judgment, the appellant herein carried the matter in appeal to the Division Bench, which, while upholding the decision of the

A learned Single Judge, dismissed the writ appeal. Hence, this civil appeal.

B Mrs. Kiran Suri, learned counsel appearing on behalf of the appellant submitted that the impugned 1997 Act, as amended, violated article 14 inasmuch as the said Act has made an unreasonable classification between the vehicles costing more than Rs. 6 lacs and vehicles costing less than Rs. 6 lacs. Learned counsel further contended that the motor vehicle taxes are compensatory in nature. Such taxes, according to the learned counsel, can only be levied on the basis of the capacity of the engine, the weight of the vehicle and the floor area, as such parameters have nexus with the user and maintenance of the road. Learned counsel submitted that by the introduction of one more parameter, namely, the "value" of the vehicle, the impugned levy has ceased to be regulatory/compensatory in nature, as such a parameter has no nexus with the wear and tear of the public road. In the circumstances, it was urged that the impugned Act was arbitrary, discriminatory and violative of article 14 of the Constitution.

D We do not find any merit in the above arguments. The above classification indicates a measure or a rate of tax applied differently on different vehicles depending upon various circumstances and so long as there is competence to levy and collect the tax under Entry 57 List-II of the seventh schedule to the Constitution, the levy cannot be struck down only on the ground that the incidence of the tax falls differently on different categories of the vehicles. The burden has to be distributed on different classes of vehicles or on different persons who owned the vehicles. How equitable such tax could fall on different persons is not for the Court to decide. Lastly, this matter is squarely covered by our judgment delivered today in the case of *The State of Tamil Nadu v. M. Krishnappan and Anr Etc.*, Civil Appeal Nos. (1869)-(1880) of (2000).

F For the aforesaid reasons, we do not find any infirmity in the impugned judgment of the High Court. Accordingly, the appeal fails and is dismissed, with no orders as to costs.

G D.G.

Appeal dismissed.