

Madras High Court

Jaya And Company vs State Of Tamil Nadu on 23 September, 1991

Author: Kanakaraj

Bench: A Anand, Kanakaraj

JUDGMENT Kanakaraj, J.

1. The appellants are dealers in steam boilers. They were assessed on a total and taxable turnover of Rs. 49,99,371.98 and Rs. 45,33,688.76 for the assessment year 1975-76, by the assessing authority. In making the assessment, the assessing authority, assessed the turnover of Rs. 63,495 relating to sales made to St. John Medical College, Bangalore, at 10 per cent under the Central Sales Tax Act, 1956. In this appeal we are only concerned with the rate of tax leviable on the said turnover of Rs. 63,495. The appellate claimed the concessional rate at 5 per cent as per the Government Notification dated December 20, 1975. The Appellate Assistant Commissioner conceded the claim of the appellants and directed levy only at 5 per cent. The Joint Commissioner on suo motu revision held that the steam boilers, in common parlance cannot be construed as scientific equipment and therefore the concessional rate of tax was not available to the appellants.

2. In this appeal it is contended that the Notification G.O.P. No. 1536, CTRE dated December 20, 1975, states that inter-State sales of "scientific equipment and instruments" to educational institutions for use in teaching of science or to hospitals for its use or to a laboratory or institution which carries on any research work for promotion of a literary, scientific, artistic or educational teaching and which is not run with the motive of making profit, shall be assessed at 5 per cent. In this case, the steam boilers were sold to St. John's Medical College, Bangalore.

3. Mr. Janardhanaraja, learned counsel for the appellant, relying on the dictionary meaning given in Shorter Oxford English Dictionary, contends that the steam boiler is a scientific equipment, within the meaning of the words "scientific equipment and instrument" used in the notification. We have to take note of the entire notification to understand the context in which the words are used. When sold to an educational institution there is a reference to, its use in the teaching of science. In the case of a hospital the mere use of the steam boiler is sufficient to bring to within the notification, subject of course, to the instrument satisfying the words "scientific equipment". Reliance is placed on the following words in the Shorter Oxford English Dictionary :

"SCIENTIFIC-a. and sb. 1637 (ad. late L. scientificus (used orig. as transl. of Gr making knowledge, Arist. Ethics VI.i.6) f. scientem, scire + - ficus making, f. facere to make). A. adj. 1. Of a syllogism, a proof : Producing knowledge, demonstrative - 1667.

2. Of persons, books, institutions etc. Occupied in or concerned with science or the sciences - 1815.

3. Of or pertaining to science or the sciences; of the nature of science 1722.

4. Of an art, practice, operation, or method : Based upon or regulated by science, as opp. to mere traditional rules or empirical dexterity, of a worker or agent : Guided by a knowledge of science, acting according to scientific principles 1678 b. Devised on scientific principles 1794. c.

Characterised by 'science' or trained skill 1862."

4. We do not think that the above meaning given in the dictionary advances the case of the petitioner. While interpreting a notification granting exemption, the taxing authority has to construe the words strictly and cannot extend any benefit beyond the express language used in the notification. In common parlance a scientific instrument or equipment is an instrument or equipment which converts a principle of science to some common use. Viewed in this manner the steam boiler cannot be said to employ any scientific principles for its use. Further we are of the opinion that merely because an article has been manufactured scientifically, that would not be decisive in coming to a conclusion that the article is a scientific instrument or equipment. Steam boilers are used as household articles also. When so used nobody calls it a scientific instrument. The mere fact that the steam boiler in this case is used in a hospital, its character cannot change and it cannot be termed a scientific equipment. Reliance is also placed on Commissioner of Income-tax v. Mohan Meakin Breweries Ltd. [1980] 22 ITR 203 (HP). The facts of that case are far from the question involved in this case. The court was concerned, in that case, with the installation of an internal telephone system and they construed the same as a plant and not an officer appliance. As already stated that decision has no application to the facts of the present case. Even in the dictionary meaning the words "of or pertaining to science or the sciences" indicate that the equipment should be relatable to the application of natural science. Thus, looked from any angle, we are not satisfied that steam boilers can be brought within the meaning of "scientific equipment or instrument" and given the concessional rate of 5 per cent. Consequently, the findings of the Joint Commissioner is perfectly legal and justified and does not call for any interference. The tax appeal fails and is dismissed. However, there will be no order as to costs.

5. Appeal dismissed.