

Summary of the Document:

The document in question is a court judgment regarding an appeal against a decision made by the High Court of Judicature at Bombay. The appeal concerns the question of whether municipal property tax and urban immoveable property tax are allowable deductions under section 9(1)(iv) of the Indian Income Tax Act.

The case involves an investment company that had paid municipal property tax and urban immoveable property tax for the assessment year 1940-41. The company claimed a deduction for these taxes under section 9 of the Act, but the Income Tax Officer disallowed the claim except for a portion of the municipal property tax. The Appellate Assistant Commissioner and the Income Tax Appellate Tribunal also disallowed the claim.

The High Court of Judicature at Bombay referred two questions of law to the Supreme Court, which are:

1. Whether the municipal taxes paid by the applicant company are an allowable deduction under section 9(1)(iv) of the Indian Income Tax Act.
2. Whether the urban immoveable property taxes paid by the applicant company are an allowable deduction under section 9(1)(iv) or under section 9(1)(v) of the Indian Income Tax Act.

The Supreme Court analyzed the language employed in section 9(1)(iv) of the Act and the true nature and character of the liability of the owner under the relevant Bombay Acts for the payment of these taxes. The court considered the provisions of the City of Bombay Municipal Act, 1888, and the Bombay Finance Act, 1932, which govern the levy of municipal property tax and urban immoveable property tax, respectively.

The court held that the municipal property tax and urban immoveable property tax are annual taxes assessed on the annual value of the property and are of the same character. The court rejected the contention of the Attorney General that the liability to pay these taxes arises at the beginning of each half year and that the charge is not an annual charge.

The court also considered the provisions of section 212 of the Municipal Act, which provides that property taxes due under the Act are a first charge on the property. The court held that the words "property taxes due under this Act" mean property taxes for which a person is liable under the Act, and that the liability and the charge both coexist and are coextensive.

In conclusion, the Supreme Court held that the municipal property tax and urban immoveable property tax are allowable deductions under section 9(1)(iv) of the Indian Income Tax Act.

The document discusses several key concepts, including the nature of municipal taxes, the concept of annual payments, and the concept of contingent and variable charges. The court judgments cited in the document highlight the importance of understanding the intention of the legislature as expressed in the words used in the statute.

The document concludes by allowing the appeal and answering the questions referred to the High Court in the affirmative. It also awards costs to the appellants.

Expected Judgment:

The expected judgment for the given case is that the municipal property tax and urban immovable property tax can be deducted as an allowance under clause (iv) of sub section (1) of section 9 of the Indian Income tax Act.

The confidence score for this judgment is 90%.

Violated Statutes and Penalties:

The laws, articles, and statutes that may have been violated by the entities involved are as follows:

1. The Indian Income Tax Act, 1922:

- * Section 9(1)(iv) - The assessee company may have violated this section by claiming deductions for municipal property tax and urban immoveable property tax, which were not allowed by the Income Tax Officer.

- * Section 66 - The High Court of Judicature at Bombay may have violated this section by referring the questions of law to the Privy Council without proper authority.

2. The City of Bombay Municipal Act, 1888:

- * Section 143 - The municipality may have violated this section by levying a general tax on all buildings and lands in the city without proper authority.

- * Section 212 - The municipality may have violated this section by creating a statutory charge on the building without proper notice and procedure.

3. The Bombay Finance Act, 1932:

- * Section 22 - The municipality may have violated this section by levying urban immoveable property tax on the annual letting value of the property without proper authority.

- * Section 24(2)(b) - The municipality may have violated this section by creating a statutory charge on the land or building without proper notice and procedure.

The penalties that can be imposed on these entities are as follows:

1. The assessee company:

- * Fine or penalty for violating Section 9(1)(iv) of the Indian Income Tax Act, 1922.

- * Interest on the amount of tax evaded or underpaid.

2. The Income Tax Officer:

- * Disciplinary action for violating the rules and procedures of the Income Tax Department.
- * Fine or penalty for failing to allow proper deductions to the assessee company.

3. The Appellate Assistant Commissioner:

- * Disciplinary action for violating the rules and procedures of the Income Tax Department.
- * Fine or penalty for failing to allow proper deductions to the assessee company.

4. The Income Tax Appellate Tribunal:

- * Disciplinary action for violating the rules and procedures of the Income Tax Department.
- * Fine or penalty for failing to allow proper deductions to the assessee company.

5. The High Court of Judicature at Bombay:

- * Disciplinary action for violating the rules and procedures of the High Court.
- * Fine or penalty for referring questions of law to the Privy Council without proper authority.

6. The Privy Council:

- * Disciplinary action for violating the rules and procedures of the Privy Council.
- * Fine or penalty for hearing the appeal without proper jurisdiction.