

SUPREME COURT OF INDIA

Mohan Das N. Hegde (Dead)Thr.Lrs.

Vs.

State of Karnataka

C.A.No.7398 of 2000

(S.N.Variava and Dr.A.R.Lakshmanan JJ.)

18.03.2005

JUDGMENT

S. H. Kapadia, J.

1. 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").

2. 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.

3. 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.

4. Aggrieved by the said judgment, the appellant herein carried the matter in appeal to the Division Bench, which, while upholding the decision of the learned Single Judge, dismissed the writ appeal. Hence, this civil appeal.

5. 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.

6. 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 & Another Etc.* [Civil Appeal Nos. 1869-1880 OF 2000].

7. For the aforestated 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.