

Bikram Singh and Others v. Land Acquisition Collector and Others

Civil Appeal Nos. 12497-12500 of 1996

[1996] Supp. 6 SCR 214 | 1996-09-12

Taxability of interest received on delayed land-acquisition compensation

Income-tax Act, 1961: sections 2(28A), 4, 5 and 194A | Land Acquisition Act, 1894: sections 28, 31 and 34

Three-judge bench | K. Ramaswamy, J. | Faizan Uddin, J. | G. B. Pattanaik, J.

Assessment years: See the source-scope notes; no year inferred.

Assessment-year law controls

Do not apply the 1996 treatment without checking later amendments governing compensation interest, deductions and timing.

01 FACTS OF THE CASE

Landowners challenged notices seeking income tax on interest received because land-acquisition compensation had been paid late. The Punjab and Haryana High Court treated statutory interest as a revenue receipt and upheld the tax demand (SCR pp.214-217; PDF pp.1-4).

Source: [Primary judgment: facts and High Court reasoning](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court followed Shamlal Narula and later authorities: interest compensates for delayed use of the compensation money and is not part of the capital compensation for the land. The expanded definition in section 2(28A) did not exclude this established revenue receipt from tax. Section 194A concerned deduction at source and did not determine the underlying charge in these appeals (SCR pp.217-220; PDF pp.4-7).

Source: [Primary judgment: taxability reasoning](#)

03 JUDICIAL DECISION

The Court held the delayed-payment interest taxable as a revenue receipt under section 4, allowed spreading over the period for which payment was made, and dismissed the appeals without costs.

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on chargeability; in favour of the landowners only to the limited extent of spreading the receipt over the relevant period.

Source: [Primary judgment: mixed qualification](#)

05 AKHB REVIEW POINT

AKHB analysis: classify each land-acquisition component separately - principal compensation, solatium and interest - and apply the law for the year of receipt or accrual. Preserve the Court's distinction between chargeability and TDS machinery, and check later specific provisions before computation.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete seven-page SCR report read in page-preserving text and every page image inspected.

[Open cited source rendition](#)

Exact catalogue hash and seven-page count verified; every page was read and inspected.

The report verifies the four connected appeals, bench, statutory issue and dismissal.

STATUTORY SCOPE

The ruling applies the provisions considered in 1996. Later statutory rules for compensation interest and deductions require independent assessment-year verification.

LATER TREATMENT

Source checked 2026-10-12. Later treatment and current statutory applicability were not comprehensively checked.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing assessment-year law and later treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.