

Ramesh Bhai J. Patel etc. v. Union of India

Civil Appeal Nos. 1158-1160 of 1998

[2000] Supp. 5 SCR 424 | 2000-12-06

Apparent consideration: discount deferred payments to the agreement date.

Income-tax Act, 1961: sections 269UA(b), 269UG and 269UH; Chapter XX-C

3-judge bench | S. P. Bharucha, J. | N. Santosh Hegde, J. | Y. K. Sabharwal, J.

Assessment years: Not specified; property-transfer valuation dispute

Historical Chapter XX-C; contrary Bombay view rejected

The Court rejected the interpretation in Shrichand Raheja v. S.C. Prasad, 213 ITR 33. The discount relates to the agreement date, not the Government's later payment date. This does not prescribe a general valuation method or current discount rate outside this statutory setting.

01 FACTS OF THE CASE

The assessees appealed from the Gujarat High Court's dismissal of their writ petitions concerning section 269UA(b). They argued that discounting should run only from the Central Government's payment date to the contractual last payment date, because early Government payment compensated the transferor. A broader contention that there could be no discount was not argued. Detailed agreement amounts and dates are not stated in this judgment.

Source: [SCR pp. 425-426](#) / [PDF pp. 2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read apparent consideration as a valuation of the contractual consideration on the agreement date. Where payment is deferred beyond that date, the statutory discount removes the assumed interest element for the interval until the contractual payment date or dates. This calculation is not linked to when the Government pays after compulsory purchase. The separate payment and revesting provisions in sections 269UG and 269UH do not change that valuation date. The Court rejected the contrary Bombay High Court interpretation in Shrichand Raheja.

Source: [SCR pp. 426-428](#) / [PDF pp. 3-5](#)

03 JUDICIAL DECISION

All three appeals were dismissed with costs. The Court held that the discount period begins on the agreement date and runs to the contractual date or dates for payment of deferred consideration.

Source: [SCR pp. 427-428 / PDF pp. 4-5](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue on the method of calculating apparent consideration under section 269UA(b). The assessee's proposed commencement date based on Government payment was rejected. No individual substitute purchase price was calculated in the Supreme Court judgment.

Source: [SCR p. 428 / PDF p. 5](#)

05 AKHB REVIEW POINT

AKHB analysis: build a date-wise contractual payment schedule before computing historical apparent consideration. Keep that discounting exercise separate from statutory deadlines for the Government to tender purchase consideration. Do not cite the rejected Bombay interpretation as an operative rule, or extrapolate the historical prescribed rate to a different valuation provision.

Source: [AKHB analysis based on SCR pp. 426-428 / PDF pp. 3-5](#)

SOURCE & VERIFICATION

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

Five-page SCR scan; judgment starts on PDF page 2 and concludes on page 5. The statutory discount-period issue is determined without detailed individual transfer facts.

[Open cited source rendition](#)

Full judicial text and operative relief read. Original bytes match the SHA-256 in the supplied source reconciliation.

STATUTORY SCOPE

Apply the historical statutory text governing the decision. Current statutory applicability and Income-tax Act, 2025 equivalence have not been verified.

LATER TREATMENT

Source checked 2026-10-10. Full historical judgment checked. Comprehensive subsequent judicial treatment has not been verified; no current citator clearance is represented.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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