

Commissioner of Income Tax (TDS), Kanpur and Anr. v. Canara Bank

Civil Appeal No. 6020 of 2018 and connected proceedings (full list below)

[2018] 7 SCR 866 | 2018-07-02

Whether NOIDA qualifies as a corporation established by a State Act under clause (i) of the 22 October 1970 notification issued under section 194A(3)(iii)(f), despite being brought into existence by a State notification under the 1976 Act.

194A(3)(iii)(f)

Two-judge bench | A. K. Sikri, J. | Ashok Bhushan, J.

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

Historical exemptions and withholding; distinct statutory tests

This note applies the 1961 Act and instruments in the judgment's historical setting. A section 10(20) result does not determine section 194A notification eligibility, and relief from TDS is not exemption of the recipient's income. Later judicial treatment, amendments and notification status are not verified. No automatic mapping to the Income-tax Act, 2025 is made.

[paragraphs 12 / PDF pages 7 / judicial text](#); [paragraphs 11, 31-32 / PDF pages 9, 22 / judicial text](#); [paragraphs 5 / PDF pages 6, 7 / judicial text](#); [paragraphs 4-6, 31-32 / PDF pages 5, 6, 22 / judicial text](#)

01 FACTS OF THE CASE

Canara Bank paid NOIDA interest of Rs. 20.10 crore on fixed deposits/deposits for financial year 2005-06 without deducting tax under section 194A. After NOIDA's separate local-authority writ petition failed, the Assessing Officer passed an order under sections 201(1) and 201(1A) read with section 194A on 28 February 2013, treated the bank as in default and raised a demand; penalty proceedings were separately initiated. The Commissioner (Appeals) set aside the order on 2 December 2013 on the strength of the 1970 notification. The Tribunal and Allahabad High Court upheld that result, and Revenue appealed (paragraphs 2-6).

Source: [reported judgment / paragraphs 2-6 / PDF pages 4, 5, 6 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

Revenue's objection was that the notification used established by a Central, State or Provincial Act, while NOIDA was constituted by a notification under the 1976 Act. It was not disputed that NOIDA was a statutory corporation. The Court examined the particular statutory and notification language rather than whether NOIDA was a local authority under section 10(20) (paragraphs 6-11 and 15).

The Court distinguished a corporation owing its existence to legislation from a company, society or other body formed by private acts and merely incorporated or governed under general legislation. It read the words in context, including the varied use of by or under in neighbouring section 194A clauses. The cited cases, especially Dalco Engineering, explained that a statute may itself establish a corporation or provide the mechanism for its establishment by notification; the inquiry includes whether the entity owes its existence to that enactment (paragraphs 12-27).

The 1976 Act itself provided for creation of the authority, declared it a body corporate and prescribed its composition. The Court compared section 3 with the State Financial Corporations Act mechanism and held that NOIDA was established by the 1976 Act and covered by the 1970 notification. It did not announce that all companies registered under legislation qualify, or that by and under are interchangeable in every legal context (paragraphs 28-31).

Source: [reported judgment / paragraphs 7-31 / PDF pages 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 / judicial text](#)

03 JUDICIAL DECISION

NOIDA fell within the corporation category in the notification of 22 October 1970, so the interest payments considered were outside section 194A(1) withholding. The High Court had committed no error in dismissing Revenue's appeal. All appeals in the batch were dismissed (paragraphs 31-32).

Source: [reported judgment / paragraphs 31-32 / PDF pages 22 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Respondent banks / payers on section 194A withholding

All 53 numbered appeals in the reported jurisdiction list dismissed

Final affirmation of the historical notification-based exemption from deduction of tax at source

This is relief from withholding, not a holding that NOIDA's interest income is exempt from income tax. The report mentions separately initiated penalty proceedings but supplies no separate penalty adjudication. It does not list individualized companion-appeal periods or decide qualification of every statutory or incorporated body.

Source: [reported judgment / paragraphs 4-6, 31-32 / PDF pages 5, 6, 22 / judicial text](#)

05 AKHB REVIEW POINT

Distinguish the recipient's substantive income-tax exemption from the payer's duty to withhold. A failed section 10(20) claim does not defeat an independently available section 194A notification exception. Conversely, this TDS result does not make the recipient's income exempt.

For another authority, inspect its constituting statute, notification, legal origin and composition, and the precise exception applicable to the payment date. Merely being incorporated under a general Act is not the rule adopted. The same-day NOIDA lease decision expressly applies Canara Bank to the interest component, while retaining TDS on annual lease rent under section 194-I.

Source: [reported judgment / paragraphs 6, 11, 19-27, 31-32 / PDF pages 6, 9, 14, 15, 16, 17, 18, 22 / judicial text](#); [reported judgment / paragraphs 12-16 / PDF pages 7, 8, 9 / judicial text](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 6020 of 2018 / Civil Appeal No. 6064 of 2018 / Civil Appeal No. 6056 of 2018 / Civil Appeal No. 6058 of 2018 / Civil Appeal No. 6055 of 2018 / Civil Appeal No. 6060 of 2018 / Civil Appeal No. 6057 of 2018 / Civil Appeal No. 6054 of 2018 / Civil Appeal No. 6066 of 2018 / Civil Appeal No. 6065 of 2018 / Civil Appeal No. 6059 of 2018 / Civil Appeal No. 6053 of 2018 / Civil Appeal No. 6052 of 2018 / Civil Appeal No. 6051 of 2018 / Civil Appeal No. 6063 of 2018 / Civil Appeal No. 6062 of 2018 / Civil Appeal No. 6061 of 2018 / Civil Appeal No. 6023 of 2018 / Civil Appeal No. 6021 of 2018 / Civil Appeal No. 6031 of 2018 / Civil Appeal No. 6025 of 2018 / Civil Appeal No. 6022 of 2018 / Civil Appeal No. 6034 of 2018 / Civil Appeal No. 6027 of 2018 / Civil Appeal No. 6048 of 2018 / Civil Appeal No. 6026 of 2018 / Civil Appeal No. 6028 of 2018 / Civil Appeal No. 6032 of 2018 / Civil Appeal No. 6029 of 2018 / Civil Appeal No. 6036 of 2018 / Civil Appeal No. 6024 of 2018 / Civil Appeal No. 6033 of 2018 / Civil Appeal No. 6039 of 2018 / Civil Appeal No. 6038 of 2018 / Civil Appeal No. 6037 of 2018 / Civil Appeal No. 6046 of 2018 / Civil Appeal No. 6043 of 2018 / Civil Appeal No. 6040 of 2018 / Civil Appeal No. 6030 of 2018 / Civil Appeal No. 6045 of 2018 / Civil Appeal No. 6042 of 2018 / Civil Appeal No. 6041 of 2018 / Civil Appeal No. 6047 of 2018 / Civil Appeal No. 6049 of 2018 / Civil Appeal No. 6044 of 2018 / Civil Appeal No. 6035 of 2018 / Civil Appeal No. 6050 of 2018 / Civil Appeal No. 6069 of 2018 / Civil Appeal No. 6068 of 2018 / Civil Appeal No. 6067 of 2018 / Civil Appeal No. 6070 of 2018 / Civil Appeal No. 5378 of 2017 / Civil Appeal No. 5374 of 2017

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: NOIDA as a corporation established by a State Act

Result: Covered by clause (i) of the 22 October 1970 notification under section 194A(3)(iii)(f)

In whose favour: Respondent banks / payers

Pinpoints

1.

Source url: [Open cited source](#)

PDF pages: 18; 19; 20; 21; 22

Paragraphs: 27-32

Source role: judicial text

2.

Issue: Revenue's by-versus-under distinction

Result: Rejected for NOIDA under the 1976 Act and this notification; statutory constitution through notification sufficed

In whose favour: Respondent banks / payers

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 14; 16; 17; 18; 20; 22

Paragraphs: 18-19, 23-31

Source role: judicial text

3.

Issue: Local-authority income exemption

Result: Separate issue; the earlier local-authority decision did not decide corporation status for this withholding exception

In whose favour: Not decided here

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: 4, 6

Source role: judicial text

4.

Issue: Separate penalty proceedings

Result: Mentioned as initiated; no separate merits or operative penalty order stated

In whose favour: Not separately adjudicated

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 22

Paragraphs: 5, 32

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

194A(1); 194A(3)(iii)(b); 194A(3)(iii)(c); 194A(3)(iii)(d); 201(1); 201(1A); 156; 260A; 10(20)

OTHER PROVISIONS CONSIDERED

Uttar Pradesh Industrial Area Development Act, 1976, sections 2(b), 3; State Financial Corporations Act, 1951, sections 2(b), 3 (comparison); Constitution of India, Article 12 (discussion of cited cases)

FINANCIAL YEARS IDENTIFIED

2005-06

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ashok Bhushan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Source case id: sc-2018-07-02-noida-cit-appeals-lease-tds

Target case id: sc-2018-07-02-canara-bank-noida-interest-tds

Relationship: Expressly applies Canara Bank for section 194A notification exception

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: 12

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 9; 22

Paragraphs: 11, 31-32

Source role: judicial text

Scope limit: Interest withholding exception; not substantive income exemption or section 194-I rent exemption.

2.

Source case id: sc-2018-07-02-noida-ccit-local-authority

Target case id: sc-2018-07-02-canara-bank-noida-interest-tds

Relationship: Expressly leaves banker/TDS questions to separate same-day Canara Bank decision

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: 5

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 5; 6; 22

Paragraphs: 4-6, 31-32

Source role: judicial text

Scope limit: Different provisions and appeals maintained as distinct judgments; neither overrules the other.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 22 PDF pages; SHA-256

24645a2e52540d171a678938d6eb5f1b6969c0a36deb801c9fd341f530c30e48. Original bytes preserved.

Judgment paragraphs 1-32 on physical PDF pages 4-22; preceding text is reported title, editorial headnote, case references or appearances. No adjacent judgment is included.

Open cited source rendition

Paragraph 3 identifies financial year 2005-06 for the Canara Bank facts. It does not separately label an assessment year or give the periods for every companion appeal; no assessment year is inferred.

The report supplies Civil Appeal No. 6020 of 2018 and the full companion list on physical page 4. Paragraph 2 retains a blank appeal number for lead SLP (C) No. 3168 of 2017. There are 53 numbered appeals in the report's jurisdiction list.

The Court reproduced the section 194A scheme and 22 October 1970 notification, whose clause (i) covers a corporation established by a Central, State or Provincial Act. It applied those instruments to the historical payments before it. No independent current notification-validity or amendment audit is represented.

The operative exception to withholding is section 194A(3)(iii)(f) read with notification S.O. 3489, No. 170 (F.No.12/164/68-ITCC/ITJ), dated 22 October 1970, clause (i). Section 10(20) local-authority status is distinct procedural background, not the basis of this TDS result.

The source is the unchanged eSCR reported rendition supplied through the indexed public mirror, not a separately retrieved signed original; no signed-original hash is claimed.; Editorial headnotes and case-reference tables are not treated as the Court's reasons. Physical PDF pages and numbered judicial paragraphs are separately identified.; The public URLs identify the exact cached, hash-verified PDFs. A fresh web-tool open failed during this review; current network availability is not certified.; The three same-date judgments have different dockets, texts and dispositions. They are linked only where actual judicial passages support the relationship.; The State notification date is internally inconsistent: paragraphs 3 and 8 say 17 April 1976, whereas paragraph 30 says 12 April 1976. This note relies on statutory constitution and does not silently adjudicate the date.; Paragraph 18 once prints 2 October 1970; the full notification in paragraph 11 and decisive paragraph 31 identify 22 October 1970. The date is taken from the full reproduction, not the isolated slip.; The statutory and quoted precedent text is historical. The original Gazette instrument and current amendments were not independently retrieved.; The report's full companion docket list controls the disposition group; the blank lead number retained in paragraph 2 is not converted into a different proceeding.

STATUTORY SCOPE

Historical 1961 Act provisions and instruments only. Verify the applicable year, later amendments and notifications independently. No automatic mapping or precedent carryover to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. Expressly identified relationships among three separate decisions of 2 July 2018 are checked against their complete bounded judicial texts. No subsequent-treatment or comprehensive current-law audit has been performed.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 22

SHA-256: 24645a2e52540d171a678938d6eb5f1b6969c0a36deb801c9fd341f530c30e48

reported judgment - PDF pages: 35

SHA-256: c03233b22693251b65700a8b870b30cfe273289d614697de52304670a877748d

reported judgment - PDF pages: 10

SHA-256: d3dcf79a417747a2a9543d38b8e240f47e1ac4427114bd9accb72b1c6ef29920

[Related note: M/s New Okhla Industrial Development Authority v. Commissioner of Income Tax - Appeals and Ors.](#)

[Related note: New Okhla Industrial Development Authority v. Chief Commissioner of Income Tax and Ors.](#)

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.