

New Okhla Industrial Development Authority v. Chief Commissioner of Income Tax and Ors.

Civil Appeal Nos. 792-793 of 2014

[2018] 7 SCR 781 | 2018-07-02

Whether NOIDA, constituted under the 1976 State Act and notified as an industrial township under the proviso to Article 243Q(1), is a local authority under section 10(20) as amended with effect from 1 April 2003.

10(20)

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

Assessment years: 2003-04, 2004-05

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 11 / PDF pages 6 / judicial text](#); [paragraphs 55-57 / PDF pages 34, 35 / 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

NOIDA was constituted under section 3 of the Uttar Pradesh Industrial Area Development Act, 1976. In earlier litigation over 1998 notices, the Allahabad High Court held on 14 February 2000 that section 10(20A) exempted it, without deciding section 10(20). Following the Finance Act, 2002 changes, the department sought returns for assessment years 2003-04 and 2004-05 and issued related notices to NOIDA and its bankers. NOIDA challenged the notices, relying on its municipal functions and the Governor's 24 December 2001 industrial-township notification. The High Court dismissed the writ petition on 28 February 2011 and rejected review on 4 November 2011 (paragraphs 1-5).

Source: [reported judgment / paragraphs 1-5 / PDF pages 5, 6, 7 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court confined this judgment to the post-amendment section 10(20) question. Banker-notice and section 194A issues were dealt with in the separate same-day Canara Bank decision, not resolved by transplanting the local-authority analysis (paragraphs 5 and 14).

Part IXA describes municipalities as democratic institutions of self-government, with prescribed constitution, composition, duration and elections. NOIDA's performance of municipal functions did not give it those constitutional features. The proviso to Article 243Q(1) permits a municipality not to be constituted where an industrial establishment supplies municipal services; an industrial-township notification is an exception to the obligation to create a municipality, rather than the constitution of one (paragraphs 15-30 and 42).

The Explanation inserted into section 10(20) defines local authority exhaustively. The broader General Clauses Act definition and the earlier R.C. Jain functional test could not add categories omitted by Parliament. The Court considered the Finance Act explanatory notes, withdrawal of section 10(20A), and the requirement that an exemption claimant fit the statutory language. It rejected the argument that Adityapur was irrelevant merely because that case also concerned Article 289. NOIDA claimed only the municipality category in Explanation clause (ii), and did not meet it (paragraphs 31-55).

Source: [reported judgment / paragraphs 14-55 / PDF pages 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 / judicial text](#)

03 JUDICIAL DECISION

NOIDA was not a local authority within the Explanation to section 10(20) in the post-1 April 2003 setting considered. Both appeals against dismissal of the writ petition and review were dismissed (paragraphs 56-57).

Source: [reported judgment / paragraphs 56-57 / PDF pages 35 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the section 10(20) issue

Civil Appeal Nos. 792-793 of 2014 dismissed

Final determination of the claimed post-amendment local-authority exemption

No separate section 194A or banker-notice decision is made here; those issues are assigned to Canara Bank. Article 289 immunity was not claimed. The appellant did not claim another limb of the section 10(20) Explanation.

Source: [reported judgment / paragraphs 5, 34, 55-57 / PDF pages 7, 23, 34, 35 / judicial text](#)

05 AKHB REVIEW POINT

Test the particular statutory gateway rather than attaching a universal tax label to a development authority. Municipal functions, a local fund and industrial-township recognition did not satisfy the exhaustive section 10(20) municipality category. The Court did not thereby decide that all interest payments to NOIDA require TDS: the separate Canara Bank decision holds that NOIDA fits the corporation category in the historical section 194A notification.

Keep the two analyses separate when assessing an authority's income and a payer's withholding obligations. This historical ruling does not resolve another exemption provision or certify today's statutory or notification position.

Source: [reported judgment / paragraphs 27-30, 42-43, 55-57 / PDF pages 17, 20, 27, 34, 35 / judicial text](#); [reported judgment / paragraphs 11, 31-32 / PDF pages 9, 22 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Section 10(20), Explanation clause (ii)

Result: NOIDA is not the constitutionally constituted municipality required by that clause

In whose favour: Revenue

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 34; 35

Paragraphs: 55-57

Source role: judicial text

2.

Issue: Industrial-township notification under Article 243Q(1) proviso

Result: Exemption from constituting a municipality does not itself constitute one

In whose favour: Revenue

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 17; 20; 27

Paragraphs: 27-30, 42

Source role: judicial text

3.

Issue: Banker notices and section 194A

Result: Not separately addressed here; expressly directed to the separate same-day Canara Bank judgment

In whose favour: Not determined in this judgment

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: 5

Source role: judicial text

4.

Issue: Article 289 immunity

Result: Not claimed or contended in this case

In whose favour: Not in issue

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 23

Paragraphs: 34

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

10(20A); 142(1); 131; 194A

OTHER PROVISIONS CONSIDERED

Constitution of India, Articles 243P(e), 243Q(1) and proviso, 243R-243U, 243ZF; Part IXA; General Clauses Act, 1897, section 3(31); Uttar Pradesh Industrial Area Development Act, 1976, sections 3, 6-12

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-noida-ccit-local-authority

Relationship: Expressly applies the separate CCIT section 10(20) ruling

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: 11

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 34; 35

Paragraphs: 55-57

Source role: judicial text

Scope limit: Same-day adoption of local-authority result only; mistaken case-title reference resolved by exact docket.

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: 35 PDF pages; SHA-256

c03233b22693251b65700a8b870b30cfe273289d614697de52304670a877748d. Original bytes preserved.

Judgment paragraphs 1-57 on physical PDF pages 5-35; preceding text is reported title, editorial headnote, case references or appearances. No adjacent judgment is included.

[Open cited source rendition](#)

The notices of 29 August 2005 called for returns for these assessment years (paragraph 3); the prior 1998 notices and 2000 High Court decision are procedural history.

The operative comparison is pre- and post-Finance Act, 2002 section 10(20), with the new exhaustive definition and omission of section 10(20A) effective 1 April 2003. The 24 December 2001 industrial-township notification under the proviso to Article 243Q(1) is reproduced in paragraph 23. The printed comparison table contains an inconsistent 1 April 2002 omission date; the controlling issue and reproduced explanatory notes use 1 April 2003.

The merits issue is section 10(20), especially Explanation clause (ii), after Finance Act, 2002 effective 1 April 2003. Omission of section 10(20A) supplies historical context. Paragraph 5 expressly declines separately to decide banker-notice/TDS issues because they are decided in the distinct Canara Bank judgment. Article 289 immunity was not claimed (paragraph 34).

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 index title omits New and abbreviates the docket to 792/2014. The report's title and jurisdiction pages establish New Okhla and Civil Appeal Nos. 792-793 of 2014; those control this note.; The report contains internal date slips: paragraph 5 prints 1 March 2003, and the paragraph 14 table prints section 10(20A) omission as 1 April 2002. Paragraphs 3 and 14 and explanatory notes reproduced in paragraphs 45-46 establish the 1 April 2003 setting. The source is unchanged.; Paragraph 11 describes the banks as adopting Revenue's submissions while supporting local-authority status; this inconsistent attribution is not used to infer a concession.; The paragraph 49 statement about section 10(20) being the remaining exemption route is read within the local-authority/omitted-section-10(20A) issue, not as a determination excluding every other statutory exemption.

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: 35](#)

SHA-256: c03233b22693251b65700a8b870b30cfe273289d614697de52304670a877748d

[reported judgment - PDF pages: 10](#)

SHA-256: d3dcf79a417747a2a9543d38b8e240f47e1ac4427114bd9acbb72b1c6ef29920

[reported judgment - PDF pages: 22](#)

SHA-256: 24645a2e52540d171a678938d6eb5f1b6969c0a36deb801c9fd341f530c30e48

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

[Related note: Commissioner of Income Tax \(TDS\), Kanpur and Anr. v. Canara Bank](#)

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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