

M/s New Okhla Industrial Development Authority v. Commissioner of Income Tax - Appeals and Ors.

Civil Appeal No. 15613 of 2017 and connected proceedings (full list below)

[2018] 7 SCR 888 | 2018-07-02

Whether NOIDA/Greater NOIDA retain section 10(20) local-authority status, whether the historical section 194A notification excepts interest payments from TDS, and whether annual lease rent remains subject to section 194-I notwithstanding the circular of 30 January 1995.

10(20) | 194A(3)(iii)(f) | 194-I

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 11 / PDF pages 6 / judicial text](#); [paragraphs 55-57 / PDF pages 34, 35 / judicial text](#); [paragraphs 12 / PDF pages 7 / judicial text](#); [paragraphs 11, 31-32 / PDF pages 9, 22 / judicial text](#)

01 FACTS OF THE CASE

The appeals arose from the Delhi High Court's common judgment of 16 February 2017 on writ petitions by lessees and other payers. The representative company, Rajesh Projects, entered a 90-year Greater NOIDA lease on 3 November 2010 for development of group flats. After it failed to deduct tax on lease-rent and interest payments, relying on the authority's advice that it was a government authority, orders dated 31 March 2014 treated it as in default for financial years 2010-11 and 2011-12. The Commissioner (Appeals) declined to stay the demands, and recovery prompted writ proceedings. The High Court distinguished acquisition premium, recurring lease rent and interest, and adjusted the past-payment burden after Greater NOIDA had insisted on non-deduction. The authorities and Revenue appealed (paragraphs 2-5).

Source: [reported judgment / paragraphs 2-5 / PDF pages 3, 4, 5 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court rejected the authorities' principal section 10(20) contention by expressly applying its separate same-day judgment in Civil Appeal Nos. 792-793 of 2014. It then rejected Revenue's challenge to the interest withholding exception by applying the separate same-day Canara Bank judgment and approving the benefit of section 194A(3)(iii)(f) for NOIDA/Greater NOIDA. These are different statutory tests with different results (paragraphs 11-12).

For annual lease rent, the Court examined the broad section 194-I definition: the substance is payment under an agreement for use of land, however described. It approved the High Court's reading of the lease and conclusion that annual rent attracted TDS. The circular dated 30 January 1995 rested on the then-existing section 10(20) and section 10(20A) exemptions. The 2002 amendments removed the premise on which NOIDA/Greater NOIDA sought to use that circular; it could not defeat the company's statutory withholding liability (paragraphs 13-16).

The judgment reproduces the High Court's distinct treatment of acquisition-premium payments as capital and outside TDS, annual lease rent as subject to TDS, interest on deferred premium as within the section 194A exception, and bank fixed-deposit interest as similarly excepted. It preserves the equitable direction requiring Greater NOIDA to make the sums that otherwise would have been deducted for the past periods through the High Court judgment date, with future payments subject to TDS. The Supreme Court found no error in the common judgment; it did not separately formulate a universal capital-premium rule (paragraphs 4, 16-17).

Source: [reported judgment / paragraphs 4 \(quoted High Court conclusions\), 11-17 / PDF pages 5, 6, 7, 8, 9, 10 / judicial text](#)

03 JUDICIAL DECISION

All ten appeals, including those of NOIDA/Greater NOIDA and Revenue, were dismissed. The common Delhi High Court judgment remained undisturbed: no local-authority exemption under section 10(20), notification-based relief from interest TDS under section 194A, and TDS on annual lease rent under section 194-I, with the High Court's premium classification and past-period equitable allocation preserved (paragraphs 11-17).

Source: [reported judgment / paragraphs 17 / PDF pages 10 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Mixed by issue; respondent payers retained the High Court relief, while both authority and Revenue appellants failed

All ten numbered appeals dismissed; Delhi High Court common judgment dated 16 February 2017 affirmed

Final affirmance applying two separate same-day precedents and deciding the annual-rent/circular issue

Interest withholding relief is not an income-tax exemption. Capital acquisition-premium treatment and equitable past-period allocation are preserved as components of this High Court result, not general immunities for every premium or past TDS default. High Court paragraph 21 is mentioned but not reproduced; additional wording is not invented.

Source: [reported judgment / paragraphs 4 \(quoted High Court paragraph 20\), 11-17 / PDF pages 5, 6, 7, 8, 9, 10 / judicial text](#)

05 AKHB REVIEW POINT

Classify each payment before choosing the withholding rule. Recurring lease rent, acquisition premium, deferred-premium interest and deposit interest are not interchangeable merely because the same authority receives them. Read the lease and particular statutory exception, then keep section 10(20) recipient status separate from section 194A and section 194-I payer duties.

Do not generalise the affirmed past-period equity direction into permission for another payer to omit TDS on an authority's assurance. Nor should the report's loose description of interest as exempt be recast as a substantive exemption from income tax. The note is historical: later notification, legislative and judicial changes remain to be checked.

Source: [reported judgment / paragraphs 4, 12-17 / PDF pages 5, 7, 8, 9, 10 / judicial text](#); [reported judgment / paragraphs 11, 31-32 / PDF pages 9, 22 / judicial text](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 15613 of 2017 / Civil Appeal No. 9365 of 2017 / Civil Appeal No. 12750 of 2017 / Civil Appeal No. 15615 of 2017 / Civil Appeal No. 9199 of 2017 / Civil Appeal No. 15130 of 2017 / Civil Appeal No. 15614 of 2017 / Civil Appeal No. 51 of 2018 / Civil Appeal No. 6115 of 2018 / Civil Appeal No. 6113 of 2018

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Section 10(20) local-authority status

Result: Claim rejected by applying Civil Appeal Nos. 792-793 of 2014

In whose favour: Revenue on this issue

Pinpoints

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

2.

Issue: Interest on deferred lease premium and bank deposits

Result: Historical notification-based section 194A exception approved for NOIDA/Greater NOIDA

In whose favour: Authorities and interest payers; against Revenue's appeal

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 7

Paragraphs: 4 (quoted High Court paragraph 20(3)-(4)), 12

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 9; 22

Paragraphs: 11, 31-32

Source role: judicial text

3.

Issue: Annual lease rent

Result: Subject to section 194-I TDS; 30 January 1995 circular does not sustain the claimed exclusion after the 2002 amendments

In whose favour: Revenue on statutory withholding

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10

Paragraphs: 13-16

Source role: judicial text

4.

Issue: Acquisition lease premium

Result: High Court treatment of the specified acquisition-premium payments as capital and outside TDS left undisturbed

In whose favour: Lessees / payers

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 4; 5; 10

Paragraphs: 4 (quoted High Court paragraph 20(1)), 17

Source role: judicial text

5.

Issue: Past annual-rent non-deductions induced by Greater NOIDA

Result: High Court direction requiring Greater NOIDA to make sums otherwise deductible through the High Court judgment date, and future deduction, preserved

In whose favour: Respondent lessees / payers on equitable allocation

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 9; 10

Paragraphs: 4 (quoted High Court paragraph 20(2)), 16-17

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

10(20A); 201(1); 201(1A)

OTHER PROVISIONS CONSIDERED

Constitution of India, Article 243Q(1) proviso; Uttar Pradesh Industrial Area Development Act, 1976, section 3; Notification under section 194A(3)(iii)(f), 22 October 1970; CBDT circular dated 30 January 1995; CBDT Circular No. 35/2016 dated 13 October 2016 (submission)

FINANCIAL YEARS IDENTIFIED

2010-11; 2011-12

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-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.

SOURCE & VERIFICATION**[Hon'ble Supreme Court source PDF \(reported judgment\)](#)**

Identified source rendition: 10 PDF pages; SHA-256
d3dcf79a417747a2a9543d38b8e240f47e1ac4427114bd9accb72b1c6ef29920. Original bytes preserved.
Judgment paragraphs 1-17 on physical PDF pages 2-10; preceding text is reported title, editorial headnote, case references or appearances. No adjacent judgment is included.

[Open cited source rendition](#)

Paragraph 3 states these as financial years for the 31 March 2014 orders in the Rajesh Projects factual example. The report does not separately label assessment years or specify the period of every companion appeal; none is inferred.

Ten numbered appeals are listed on physical page 2. The Court uses the facts of Civil Appeal No. 15130 of 2017, CIT (TDS)-II and Ors. v. Rajesh Projects (India) Pvt. Ltd. and Anr., to decide the common batch.

The section 10(20) issue concerns Finance Act, 2002 changes effective 1 April 2003 and omission of section 10(20A). The section 194-I reproduction includes later textual material such as a REIT proviso, and is not represented as a fully audited historical consolidation for financial years 2010-11 and 2011-12. No current threshold/rate is recommended. The 1970 notification date is checked against Canara Bank paragraph 11.

Section 10(20) is resolved by applying the separate CCIT decision; section 194A by applying the separate Canara Bank decision. This judgment itself discusses annual lease rent under section 194-I and the loss of the former circular's statutory basis. The report's shorthand 201/201(A) describes default proceedings; no independent construction of section 201 is attributed to the Court.

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.; Paragraph 11 misnames the separate appeal in Civil Appeal Nos. 792-793 of 2014 as one against CIT-Appeals. Its docket and separate 35-page report establish that it is the CCIT local-authority decision; this 10-page CIT-Appeals judgment remains distinct.; Paragraph 12 and the headnote sometimes state 24 October 1970, while paragraph 12 also states 22 October 1970. Canara Bank reproduces the full notification as 22 October 1970. The discrepancy is a source caution; the source is unchanged.; Phrases such as exemption of interest income are read in their section 194A withholding context; this judgment does not turn the TDS exception into exemption of the recipient's income.; High Court paragraph 20 is reproduced and paragraph 21 is mentioned without reproduction. This note records the visible allocation and does not invent further directions.; The section 194-I extract includes later provisos and insertion markers. Rates, thresholds and every quoted proviso are not certified as applicable to the earlier financial years or current payments.

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: 10](#)

SHA-256: d3dcf79a417747a2a9543d38b8e240f47e1ac4427114bd9acbb72b1c6ef29920

[reported judgment - PDF pages: 35](#)

SHA-256: c03233b22693251b65700a8b870b30cfe273289d614697de52304670a877748d

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

SHA-256: 24645a2e52540d171a678938d6eb5f1b6969c0a36deb801c9fd341f530c30e48

[Related note: New Okhla Industrial Development Authority v. Chief Commissioner of Income Tax 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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