IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 13.07.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.A.No.1648 of 2026
and CMP No.15148 of 2026

1. District Registrar (Administration)
Central Chennai, No.182,
Bharathi Salai, Pycrofts Road,
Royapettah, Chennai - 600 014.

2. The Sub Registrar, Triplicane
No.182, Bharathi Salai, Pycrofts Road,
Royapettah, Chennai - 600 014.

3. The Inspector General of Registration
100, Santhome High Road,
Chennai - 600 004.

Appellant(s)

Vs

Tata Communications Data Centers Pvt. Ltd,
now known as STT Global Data Centres India
Private Limited, Plot Nos.C-21 and C-36,
G Block, Bandra Kurla Complex, Mumbai,
Maharastra - 400 098
Rep. by Authorised Signatory, Vipin Shirsat

Respondent(s)

PRAYER: Appeal filed under Clause 15 of the Letters Patent to set aside the order dated 09.10.2025 passed by the learned Single Judge in W.P.No.6892 of 2018 and allow the writ appeal.

For Appellant(s): Mr.K.Kumaran
Government Pleader

For Respondent(s): Mr.C.Mohan
assisted by Ms.A.Rexy Josephine Mary
for M/s. King and Partridge

JUDGMENT
(Delivered by the Hon'ble Chief Justice)

This appeal has been preferred by the State against the order dated 9.10.2025 passed by the learned Single Judge in W.P.No.6892 of 2018.

2. The dispute centers on a narrow yet significant question of law as to whether an amendment agreement that simply modifies a commercial lease by reducing the physical area of the premises can be treated as an entirely new lease deed to levy a fresh round of substantial stamp duty.

3.1. The nub of the matter is that the respondent (*Lessee*) and the landlord (*Lessor*) originally entered into a registered lease deed dated 28.3.2014 for an office space measuring 65,965.7 square feet for a 20-year term. At the time of registration, the respondent duly paid the full stamp duty of Rs.1,20,86,405/- and a registration fee of Rs.20,395/-.

3.2. Later, the lessor and the lessee discovered a discrepancy, viz., the actual space physically handed over to the tenant was smaller than the description in the original paperwork. It measured only 61,418.10 square feet, a shortage of roughly 4,547 square feet. To ensure their formal contract accurately mirrored reality, the parties executed an Amendment Agreement on 9.9.2016, to record this reduction in area.

3.3. When this document was presented for registration, the registration authorities impounded it under Section 33 of the Indian Stamp Act, 1899 [the Act]. The appellants took the extreme stand that the amendment agreement constituted a fresh lease altogether and demanded the deficit stamp duty of Rs.1,15,16,000/- on the entire lease value. The respondent paid this amount under protest to secure the release of the document and successfully challenged the demand before the learned Single Judge, who quashed the demand made by the appellants and ordered a refund. Aggrieved, the State has preferred this appeal.

4. Learned Government Pleader appearing for the appellants argued that the learned Single Judge failed to appreciate the wide definition of an "*instrument*" under Section 2(14) of the Act. He hastened to add that since the agreement altered core terms of the original lease (the area and corresponding financial liabilities), it effectively extinguished old rights and created new leasehold rights, thereby attracting fresh stamp duty as a new lease transaction.

5. Per contra, learned counsel for the respondent submitted that stamp duty is a tax on instruments, not on transactions. The original lease, which covered the larger area, was fully taxed. The subsequent agreement did not extend the lease period, add new property or increase the financial consideration. It simply scaled down the scope of an already taxed transaction to correct a factual error.

6. The appellants heavily rely on Section 2(14) of the Act to assert that since the amendment "limits" or "records" a change in liability, it must be treated as a fresh taxable lease. The said provision so far as it is relevant is quoted hereunder:

> *"Section 2(14): "Instrument" includes – (a) every document, by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded."*

7. In our considered view, a fiscal statute cannot be interpreted in a vacuum to extract revenue where no real economic transaction or transfer of wealth has occurred. Stamp duty is levied on the creation or transfer of rights. When the original lease deed was executed, the respondent paid the State its full fiscal due for the right to enjoy 65,965.7 square feet of space. By executing the amendment agreement, the lessee did not gain any new property or extra rights. On the contrary, the lessee gave up a portion of the space originally leased, because it simply did not exist on the ground. No new right or interest in immovable property was created or transferred to the lessee.

8. The learned Single Judge, in our view, rightly applied the settled principles of law enunciated by the Supreme Court. The issue at hand is squarely governed by the authoritative ruling of the Supreme Court in *Prasad Technology Park (P) Ltd. v. Sub-Registrar and Others*[1]. It is beneficial to quote paragraphs 11 to 15 of the said judgment hereunder:

> *"11. The said lease indisputably was governed by Section 105 of the Transfer of Property Act.* ***By reason of the supplementary agreement, a restrictive covenant has been amended in terms whereof the appellant herein was permitted to carry on the business of a technology park instead of manufacture of ready-made garments/leather garments. Only because the name of the Company was changed, the same would not mean that a fresh transaction took place****. Having regard to the change in the name of the Company, the appellant's name was sought to be substituted in the original agreement. The period of the lease, the quantum of the premium paid and other terms and conditions remained unaltered except the restriction contained in clause 2(q) of the said deed, was removed. By reason of mere change of user from carrying on one business to another, it is trite, a fresh transaction does not take place. The terms and conditions of the lease can be changed by mutual consent. Unless the essential*

1 *(2006) 1 SCC 473*

ingredients thereof as contained in Section 105 of the Transfer of Property Act are not altered, it cannot be said that the parties to the contract entered into a fresh transaction. The third respondent merely reserved unto itself a right of re-entry on expiry of the said period of eleven years. It could in terms of the covenant of the lease also extend the period of tenancy or terminate the same. Unless the lease itself came to an end, the third respondent did not have any right to reconvey the property. By reason of mere change in the name of the Company "Prasad Garments Pvt. Ltd." the erstwhile lessee also cannot be held to have transferred its leasehold interest in favour of the appellant herein.

12. Section 2(1)(j) of the Act defines 'instrument' to mean:

> *'2.(1)(j) 'Instrument' includes every document and record created or maintained in or by an electronic storage and retrieval device or media by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded;"*

13. ***Execution of an instrument which would attract payment of stamp duty in terms of Article 5(d) of the Act must involve transfer of the property or otherwise a right or liability may inter alia be created, transferred, etc., as envisaged in Section 3***

***thereof**. Once it is held that the supplementary agreement is neither a deed of lease nor a deed of sale within the meaning of Section 105 or Section 54 of the Transfer of Property Act, as the case may be, Article 5(d) of the Schedule to the Act will have no application. If Article 5(d) has no application, indisputably the residuary clause contained in Article 5(i) would have. The appellant admittedly paid the stamp duty in terms thereof.*

14. It is now well settled that for the purpose of levy of stamp duty, the real and true meaning of the instrument must be ascertained. (See Madras Refineries Ltd. v. Chief Controlling Revenue Authority, Board of Revenue [(1977) 2 SCC 308] .)

15. ***The High Court held that "the supplementary lease agreement cannot be said to be an instrument whereunder the appellant Company claims certain leasehold from the Board"; but having done so, the High Court was not correct in holding that it is liable to pay the stamp duty.***

16. Having regard to the fact that the entity of the appellant cannot be said to be totally different from Prasad Garments Pvt. Ltd. and as by reason of the supplementary agreement, no fresh transaction has been entered into, the impugned judgment cannot be sustained, which is set aside accordingly. The

> ***appeal is allowed***. *The appellant shall be entitled to costs.*
>
> *[emphasis supplied]*

9. In the aforesaid decision, the Supreme Court has unequivocally clarified that unless the essential ingredients of a lease under Section 105 of the Transfer of Property Act are altered to create a fresh transaction, a supplementary or amendment agreement cannot be mechanically taxed as a new lease deed. In the case before us, there is no extension of time, no addition of property, and no fresh transfer of interest. A reduction of the leased area by mutual consent to correct an error does not constitute a new lease transaction.

10. The appellants have already collected stamp duty on the larger area. Demanding an additional Rs.1,15,16,000/- to record a smaller area is not only legally unsustainable, but defies basic logic. The State cannot enrich itself by taxing the correction of a physical discrepancy as if it were a new lease.

11. The learned Single Judge was justified in quashing the arbitrary demand proceedings passed by the first appellant and directing a full refund of the amount paid under protest. We find no error in the order under appeal.

12. The appeal is devoid of merits and is hereby dismissed. The order of the learned Single Judge dated 9.10.2025 is confirmed. The appellants are directed to refund the amount paid by the respondent under protest within four weeks from today. There shall be no order as to costs. Consequently, interim application stands closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
13.07.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(sasi)

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