IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
R/FIRST APPEAL NO. 752 of 2026
With
R/FIRST APPEAL NO. 753 of 2026
With
R/FIRST APPEAL NO. 754 of 2026
With
R/FIRST APPEAL NO. 755 of 2026
With
R/FIRST APPEAL NO. 756 of 2026
With
R/FIRST APPEAL NO. 757 of 2026
With
R/FIRST APPEAL NO. 758 of 2026
With
R/FIRST APPEAL NO. 759 of 2026
With
R/FIRST APPEAL NO. 761 of 2026

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MUNICIPAL CORPORATION OF THE CITY OF AHMEDABAD
Versus
BHARAT PETROLEUM CORPORATION LTD.

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Appearance:
MR NIKUNT K RAVAL(5558) for the Appellant(s) No. 1
MR AJAY R MEHTA(453) for the Defendant(s) No. 1

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CORAM:**HONOURABLE MR. JUSTICE ILESH J. VORA**
and
HONOURABLE MR. JUSTICE R. T. VACHHANI

Date : 31/07/2026

COMMON ORAL ORDER
(PER : HONOURABLE MR. JUSTICE ILESH J. VORA)

1. With the consent of learned advocates appearing for the respective parties, the matters is taken up for final disposal.

2. We have heard learned advocates Mr.Nikunt Raval and Mr.Ajay Mehta for the respective parties.

3. This group of tax appeals arise out of common factual background and involved a common question of law between the same parties, and therefore, they have been disposed of by this common

judgment and order.

4. These appeals are filed by the Ahmdabad Municipal Corporation, challenging the judgment of Small Causes Court, Ahmedabad, whereby the Municipal Valuation Appeal, filed by the respondent Bharat Petroleum Corporation Limited (for short "BPCL") came to be allowed. The appellant Corporation by Special Demand Notice dated 15.07.2016, revised assessment of property tax retrospectively for the financial year 2007-2008 to 2015-2016. The different notices on the same date i.e. 15.07.2016 were issued and served to the respondent – BPCL against which, within a statutory period, the objections were raised, and thereafter, the Municipal Valuation Appeals, challenging the validity of the demand notices, came to be filed under Section 406 of the Gujarat Municipal Act (GPMC) before the Small Cause Court, Ahmedabad. The Trial Court, after hearing the parties and appreciation of the evidence, vide its judgment dated 09.07.2024, held that the special notices of levy of tax are invalid.

5. The respondent - BPCL granted licence to operate Petrol Pumps under the terms of leave and licence agreement to 'Krupa Petroleum'. According to interpretation made by the Ahmedabad Municipal Corporation with respect to the terms of the agreement between M/s.Krupa Petroleum and the respondent – BPCL Company, the property would clearly fall within the definition of tenanted property and M/s. Krupa Petroleum was held as a tenant, on account of which, the special notice dated 15.07.2016 increasing the rateable value of the

property, a demand of tax for the year 2007-2008 to 2015-2016, issued, requiring the respondent to pay the amount of tax as mentioned in the notices.

6. In order to appreciate the factual background, the following table showing notice number, assessment year, municipal valuation appeal and present appeal numbers, is necessary to refer which reads as under:

Appeal Number	MVA Appeal Number	Special Demand Notice dated 15.07.2016	Assessment Year
761/2026	18/2018	23927	01.04.2007 to 31.03.2008
757/2026	19/2018	23928	2008 - 2009
755/2026	20/2018	23929	2009 - 2010
752/2026	21/2018	23930	2010 - 2011
756/2026	22/2018	23931	2011 - 2012
754/2026	23/2018	23932	2012 - 2013
758/2026	24/2018	23933	2013 - 2014
753/2026	25/2018	23934	2014 - 2015
759/2026	26/2018	23935	2015 - 2016

7. In short, the appellant - Ahmedabad Municipal Corporation had issued Special Notice dated 15.07.2016, revising the assessment of property tax retrospectively for the financial year – 2007-2008 to 2015-2016, for which, nine notices were being issued and served to the respondent-Corporation. The demand of retrospective property tax of the different notices being challenged by way of Municipal Appeal before the Ahmedabad Small Cause Court. The Trial Court declared all the notices invalid. Against which, the appellant - Ahmedabad Municipal Corporation is before this Court, challenging the judgment of the Small Cause Court.

8. Mr.Nikunt Raval, learned Standing Council appearing for and on behalf of the appellant – Corporation, while assailing the impugned judgment and order, made the following submissions:

(A) That the impugned judgment and order is contrary to the facts and applicable law and rules of taxation provided under the Gujarat Provincial Municipal Corporations Act, 1949 (in short "GPMC"). The respondent - BPCL had set up petrol pump, in Ahmedabad, more particularly near Parimal Garden, for retail distribution of petroleum products. The petrol pump is owned by BPCL Company. In order to smooth administration of retail sale, the pump being entrusted to M/s.Krupa Petroleum on lease and leave and licence agreement dated 21.01.2007 was being executed between the parties. According to the terms and conditions of the agreement, licence fee being required to be paid by the M/s. Krupa Petroleum to the company and so far as tax liability is concerned, the M/s.Krupa Petroleum tenant agreed to pay municipal taxes. In such circumstances, the occupancy factor cannot be considered 'self' and the property being used by the tenant, the tax liability required to be reassessed. Therefore, since 2007, the property is in occupation of tenant M/s.Krupa Petroleum and after due inquiry, it came to the notice of the appellant - Corporation that the respondent has to be assessed as the tenanted property and not self property. Accordingly, the assessments were done considering the property being used by third party tenant, which was the reasons for the corporation for reassessment and accordingly, by special notice, demand was made.

(B) While inviting the attention of this Court to Rule 5 of the Taxation Rules, it was submitted that it is incumbent upon the respondent - Corporation to issue notice to the Commissioner with respect to change in hand of the property. The respondent did not have informed for induction of the tenant in the property and therefore, the proper assessment of tax could not be assessed.

(C) Referring to Rule 21 of the Taxation Rules, it was submitted that in case of failure on the part of the respondent to inform the Commissioner, then it will be open for the Commissioner within a period of one year from the date of on which, the facts came to his notice about the induction of tenant, the Commissioner authorized to proceed to fix the rateable value of such property and assess or reassess the property tax. Thus, the appellant - Corporation has rightly reassessed the tax of the property in question, by following a mandatory procedures and rules applicable for the levy of tax.

9. Thus, making above submissions, it was urged by Mr.Raval that the Trial Court has committed an error in interpreting Rules 20, 21(A), and 21(B) of the Chapter-VIII of the Schedule of GPMC Act, 1949, in holding that the demand of taxes on the basis of revised rateable value with retrospective effect is unauthorized and illegal as assessment must

be completed before the official year.

10. In such circumstances, Mr.Raval has submitted that the appellant - Corporation was justified in reassessment of the property taxes and has not committed any error in determining of the user factor of the property and demand of tax having been made by following the proper procedure. Thus, it has been urged that the order impugned challenged in the respective appeals does require interference and the same is liable to be set aside.

11. Mr.Ajay R. Mehta, learned counsel appearing for the respondent - Company, vehemently opposed the submissions advanced by the appellant and contended that the subject matter of the appeals is covered by the decision of this Court in the case of Sushilaben Veljibhai Shah Vs. Jamnagar Municipal Corporation passed in Special Civil Application No.8323 of 2019. In the said judgment, the Division Bench has considered various provisions of the GPMC Act, 1949 contained in Chapter-VIII, titled "Taxation Rules" and came to a conclusion that it is not open for the Municipal Corporation to raise tax bills retrospectively without any basis for providing any calculation for raising such demand. In the facts of the present case, the tax assessment having been revised for the financial year 2007-2008 to 2015-2016, long after expiry of respective official year, and therefore, as per the Rules, the demand of taxes on the basis of revised rateable value with retrospective effect is invalid and without jurisdiction because the procedure of assessment and levy of tax is required to be

completed before expiry of official year and no assessment can be made after the official year has ended. The appellant - Corporation made assessment without making any amended entry in the assessment book and no notice as required under Rule 20 being served to the assessee.

12. In such circumstances, Mr.Mehta, submitted that the impugned judgments and orders passed by the Small Cause Court in the respective Municipal Valuation Appeals, does not require any interference. It was further prayed that the captioned appeals may not be entertained.

13. We have heard at length learned advocates for the respective parties and perused the impugned judgment and order as well as the case records and proceedings.

14. Having regard to the facts and circumstances, the issue arise for our consideration as to whether, the Small Causes Court, Ahmedabad was justified in declaring the notices and assessments as invalid ?

15. The issue involved, in all these appeals, is in relation to levy and demand of property tax for the year 2007-2008 to 2015-2016, for which, the special notice dated 15.07.2016 came to be issued by the appellant - Corporation. Admittedly, the demand of revised tax for a period of ten years being claimed by the Corporation, allegedly made on 15.07.2016.

16. In such circumstances, before adverting to the issue, it would be beneficial to refer to certain provisions of GPMC Act, 1949 and Taxation Rules framed thereunder.

(i) Section 127 of the Gujarat Municipal Corporation Act, 1949 authorizes the Municipal Corporation to levy taxes which includes property tax, either under Section 129 or Section 141AA.

(ii) The manner and method of levy of tax is being prescribed in Taxation Rules (Chapter VIII of Scheduled-A of the Act 1949). Rule 20 of the Taxation Rules empowers the Commissioner of any Municipal Corporation to amend the assessment book either upon representation of any concerned person or upon any other information at any time during the official years to which the assessment book relates. The said Rules further says that if the amendment has the effect of imposing any liability on a person, special written notice as provided under Rule 15(2) shall be given and the procedure as laid down in Rule 16, 17 and 18 shall be followed.

(iii) We may also refer Rule 21A, which provides that if any new building erected without any notice, the Commissioner may within one year from the date on which the relevant facts came to his notice, may proceed to fix or refix rateable value of such building. In such circumstances, the provisions of the Act 1949 and Rules thereunder, it is mandatory for the corporation to issue notice to the concerned before amending the assessment book and any amendment to entry in the assessment book is to be authenticated in the same official year to which the assessment book relates.

(iv) Rules 5, 20, 21(A) and 21(B) (Taxation Rules) of Chapter – VIII of the Schedule of the Act, 1949 reads as under:

"Rule 5. Notice to be given to Commissioner of the erection of a new building, etc.:-

(1) When any new building is erected, or when any building is rebuilt or enlarged, or when any building which has been vacant is reoccupied, [or when the user of any building is changed], the person primarily liable for the property-taxes assessed on the building shall within fifteen days give notice thereof, in writing to the Commissioner.

(2) The said period of fifteen days shall be counted from the date of the completion or of the occupation, whichever first occurs, of the building which has been newly erected or rebuilt, or of the enlargement as the case may be, and in the case of a building which has been vacant, from the date of the reoccupation thereof [land where the user has been changed from date of such change]"

Rule 20. Assessment-book may be amended by the Commissioner during the official year.-

(1) Subject to the provisions of sub-rule (2), the Commissioner may upon the representation of any person concerned or upon any other information at any time during the official year to which the assessment-book relates amend the same— (a) by inserting therein the name of any person whose name ought to be so insertedor any premises previously omitted; (b) by striking out the name of any

person not liable to the property tax; (c) by increasing or reducing the amount of any rateable value and of the assessment based thereupon; (d) by altering the assessment on any land or building [or premises] which has been erroneously valued or assessed through fraud, accident or mistake; (e) by inserting or altering an entry in respect of any building erected, re-erected, altered, added to or reconstructed in whole or in part after the preparation of the assessment-book ; (f) by making or cancelling any entry exempting any premises from liability to any property tax. (2) Where any amendment is made under sub-rule (1) which has the effect of imposing on any person any liability for the payment of property taxes which would not be incurred but for such amendment or which has the effect of increasing the rateable value of any premises as stated in the assessment book, a special written notice as provided in sub-rule (2) of rule 15 shall be given by the Commissioner and, as far as may be, the procedure laid down in rules 16, 17 and 18 shall be followed.

(3) Every such amendment shall be deemed to have been made, for the purpose of determining the liability or exemption of the person concerned in accordance with the altered entry, from the earliest day in the current official year when the circumstances justifying the amendment existed.

21A. Assessment etc. of tax in the event of failure to give notice under rule-5.- *Whenever it is noticed by the Commissioner that a new building has been erected or a building has been rebuilt or enlarged or any building which was vacant has been reoccupied or the user of any building has been changed and that the person* *primarily liable for the property taxes on such building has failed to give notice as required by subrule(1) of rule 5, the Commissioner may, within a period of one year from the date on which the aforesaid relevant facts came to his notice, proceed to fix or refix the rateable value of such building and assess or reassess the property taxes on such building in accordance with the provisions of this Act and these rules with reference to the period commencing from the year during which the building was newly erected or the building was rebuilt or enlarged or was reoccupied or the change of user took place and accordingly the taxes so assessed may be levied, collected and recovered and the provisions of this Act and these rules shall so far as may be, apply to such levy, collection and recovery.*

21B. Circumstances in which assessment book may be prepared, completed, etc., after the expiry of year to which it relates.

- Nothing in the foregoing provisions of this Chapter shall affect the preparation and completion of the assessment-book or of any part thereof or of any entry therein after the expiry of the year to which it relates, if such preparation or completion was not possible before the expiry of the year on account of any order of a court or any other competent authority, and the levy, collection and recovery of any tax based on such assessment-book, part or as the case may be entry shall not be called in question merely on the ground that the assessment book, part or as the case may be, entry was not prepared or completed during the year to which it relates."

17. In the facts of the present case, the respondent – BPCL is the owner of the petrol pump situated near Parimal Garden, Ahmedabad.

In 2007, for retail sale of petroleum products, by executing leave and licence agreement, M/s.Krupa Petroleum, was appointed to administer the petrol pump and it was agreed between the parties that M/s.Krupa Petroleum would receive commission on the sale. The appellant Corporation, considering this aspect, raised the tax bill as if the property was occupied by tenant. Rule 5 provides that when any new building is erected or when any building is rebuilt or enlarged or when any building which has been vacant is reoccupied, the person primarily liable for the property taxes. Rule 21 authorized the Commissioner for the assessment of tax in the event of failure to give notice under Rule 5 and the Commissioner may within a period one year from the date on which the relevant facts came to his notice, proceed to fix or refix rateable value of such property and assess or reassess the property taxes. In our opinion, for initiation of proceedings under Rule 21, there must be a knowledge to the Commissioner about the change in the status of the property and there is a limitation of one year to take action. In the facts of the present case, admittedly, in 2007, M/s. Krupa Petroleum came into picture. However, facts remain that how and on which date the Commissioner came to know about the occupancy of M/s.Krupa Petroleum. No any evidence to this effect being produced by the appellant Corporation that on which particular date, the Commissioner came to know about the occupancy status and therefore, there is clear violation of Rule 21(A) as the action was not taken within a period of one year. In such circumstances, in our opinion, the present case squarely covered by the judgment of the Division Bench, delivered in the case of Sushilaben Veljibhai Shah Vs. Jamnagar

Municipal Corporation (supra). The Division Bench, after considering the statutory provisions as well as rules thereunder with respect to levy of tax, held and observed that the Corporation could not have raised a demand of tax with retrospective effect for the period of 1993-2006 in the year 2015 and further held that the demand of property tax was contrary to the provisions of the Act.

18. In view of the aforestated reasons, the action of the appellant Corporation in issuing demand notice dated 15.07.2016, raising the demand of tax from 2007-2008 to 2015-2016 is not permissible in terms of Rule 15 of the Taxation Rules, as once the assessment book of a particular year is completed and prepared thereafter, in subsequent year, the property cannot be taxed for the previous year as the same has not been entered in the assets book for that particular year in which the property was not entered in the assessment register. In other words, having regard to the statutory provisions and rules thereunder, demand of taxes on the basis of revised rateable value with retrospective effect is invalid and no tax could be taxed to be levied or imposed. Thus, the appellant Corporation having no any jurisdiction and/or authority to raise a demand for a period from 2007-2008 to 2015-2016, in the year 2016. In this regard, the Small Cause Court has not committed any error while holding that the notices are invalid and contrary to the provisions of the GPMC Act, 1949 and rules thereunder. The Court has assigned sufficient reasons for arriving its conclusion and has made proper interpretation of the applicable tax rules as referred above.

19. Accordingly, we do not find any perversity in the impugned

judgment and order and we are in complete agreement with the view taken by the Court-below.

20. The First Appeal Nos.761, 757, 755, 752, 756, 754, 758, 753 and 759 of 2026 stand **dismissed**. There shall be no order as to costs.

(ILESH J. VORA,J)

(R. T. VACHHANI, J)

Rakesh