**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

101 **CWP-16774-2024**
Date of Decision : July 15, 2026

SANDEEP SINGH AND ANOTHER **-PETITIONERS**

V/S

STATE OF PUNJAB AND OTHERS **-RESPONDENTS**

CORAM: HON'BLE MR. JUSTICE KULDEEP TIWARI

Present: Mr. K.B. Raheja, Advocate
for the petitioners.

Mr. Sahil R. Bakshi, A.A.G., Punjab.

Mr. Aniket Badoni, Advocate
for the respondent No.5.

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<u>KULDEEP TIWARI, J. (ORAL)</u>

1. The instant writ petition is directed against the orders dated 30.12.2022 and 24.01.2024 passed by the Collector and the Commissioner, respectively. Vide the impugned order dated 30.12.2022, the Collector, in exercise of powers under Section 47-A of the Indian Stamp Act, 1899 (hereinafter referred to as "the Stamp Act"), directed the petitioners to deposit a sum of ₹59,77,010/- towards deficiency in stamp duty and registration fee, together with interest @ 12% per annum, in respect of the Sale Deed dated 05.07.2018. The statutory appeal preferred by the petitioners against the said order was dismissed by the Commissioner vide order dated 24.01.2024.

2. Assailing the impugned orders, the star argument raised by learned counsel for the petitioners is that the proceedings under Section 47-A of the Stamp Act could have been initiated only within a period of three

years from the date of registration of the sale deed. It is submitted that the sale deed in question was registered on 05.07.2018, whereas the proceedings under Section 47-A were initiated in December 2021, i.e. beyond the prescribed statutory period. Consequently, the entire proceedings are barred by limitation and, therefore, unsustainable in law. To lend vigour to this argument, learned counsel places reliance upon various decisions of this Court in ***Shree Krishna Enterprise Vs. State of Haryana and another, 2023 (1) RCR, 525; Bharat Bhushan Vs. Divisional Commissioner, Patiala Division, Patiala, Punjab, 2018 (5) R.C.R. (Civil) 797; Mahavir Educational and Charitable Trust Vs. State of Punjab and others, 2022 (3) PLR 728; Atam Praksh Pasricha Vs. State of Haryana and others, 2015 (1) PLJ 492; Vikas Vs. State of Haryana an others, 2008 (2) RCR (Civil) 526; and Nirmal Singh and another Vs. Commissioner, Faridkot Division, Faridkot and others, (CWP-3735-2014, decided on 04.04.2016).***

3. On the merits of the case, learned counsel for the petitioners has drawn the attention of this Court to the spot inspection report dated 26.12.2022 submitted by the concerned Sub-Registrar/Tehsildar. It is contended that although the inspection was conducted more than four years after the execution and registration of the sale deed, the report categorically records that the land covered under the sale deed falls within the revenue estate of Mansa Khurd and bears no relation to any of the serial numbers pertaining to Mansa Kalan. The report further records that the land in question does not fall within the category of commercial land. It is argued that despite the aforesaid categorical findings of the Sub-Registrar, the Collector undertook a separate spot inspection on 30.12.2022 and, merely

on the basis of the existence of nearby commercial establishments, concluded that the land in question also constituted commercial property. Finally, it is argued that the Collector was unduly influenced by the audit report alleging deficiency in stamp duty and, in an attempt to justify the said report, assigned unreasonable grounds for fastening the liability of enhanced stamp duty upon the petitioners.

4. *Per contra*, learned State counsel, while defending the legality and validity of the impugned orders, submits that the Collector rightly assessed the nature and market value of the land in question on the basis of the spot inspection conducted by him on 30.12.2022. It is submitted that the inspection revealed the following position, justifying the assessment of stamp duty at commercial rates:-

> *"....From the spot inspection, it was found that the land mentioned in the sale deed is situated on the main road leading from Thuthianwali Kanchian to Mansa Over Bridge/Tinkoni/Government Nehru Memorial College and the back of this land is touching H.S. Road. On the northern side of this land, there is Eden Garden (Marriage Palace) along the common wall. On some portion of the land mentioned in the sale deed, there is a building of Sheller, which is covered. In the land mentioned in the sale deed, packing of Achaar of Makki for animals is being done for business purposes. On the road leading from Thuthianwali Kanchian to Mansa Over Bridge/Tinkoni Road, there are the buildings of Marriage Palace/Workshops/Private Hospitals/Cinema etc. which are probably in existence before the registration of this sale deed. In this way, from Thuthianwali Kanchian to Mansa Over Bridge, on both sides of the road up to 200 ft. depth, the area is commercial, the rate of which according to Sr. No.57/83 of Collector Rate List has been determined as Rs.9690/- per sq. yards...."*

5. Learned State counsel further submits that the Collector has rightly exercised the jurisdiction vested in him under Section 47-A of the

Stamp Act, which casts a statutory duty upon him to ascertain whether the instrument has been duly stamped. It is argued that the collector rates notified by the District Collector merely prescribe the minimum benchmark for valuation, whereas Section 47-A empowers the Collector to determine the actual market value of the property and recover stamp duty on such valuation.

6. This Court has considered the rival submissions advanced by learned counsel for the parties and has made a studied survey of the record.

7. There is no wrangle between the contesting litigants that the proceedings under Section 47-A of the Stamp Act were initiated more than three years after the registration of the sale deed in question. Consequently, the proceedings were clearly barred by limitation and could not have been validly initiated in view of Section 47-A(3) of the Stamp Act. Section 47-A(3) is reproduced hereunder:-

> *"(3) The Collector may, suo moto, or on the receipt of a reference from the Inspector General of Registration or Registrar of a District appointed under the Registration Act, 1908 (Central Act No. 16 of 1908), in whose jurisdiction the property or any portion thereof which is the subject matter of the instrument is situated or on the receipt of a report of audit by the Comptroller and Auditor General of India or by any other authority authorised by the State Government in this behalf or otherwise, within a period of three years from the date of the registration of an instrument, call for and examine any instrument for the purposes of satisfying himself as to the correctness of the value of the property or of the consideration disclosed and of all other facts and circumstances affecting the chargeability of the instrument or as to the true character and description thereof and the amount of the duty with which it was chargeable and if after such examination, he has reason to believe that proper duty has not*

been paid, he may, after giving the person concerned reasonable opportunity of being heard and after holding an enquiry in the manner provided under sub- section (2), determine the value of the property or the consideration or the character or description of instrument and the duty with which it was chargeable and the deficient amount of duty, [if any, alongwith interest at the rate of twelve per cent per annum on such deficient amount, would be payable by the person liable to pay the duty from the date of registration of the instrument relating to such property to the date of payment of deficient amount of the duty."

8. Further, the aforesaid issue is no more *res integra*, as the same has already been set at rest in ***Shree Krishna Enterprise (supra).*** The relevant observations read as under:-

"5. *I have heard learned counsel for the parties and have perused the pleadings of the case as well as the case laws cited. The facts are not in dispute. The sale deed came to be registered on 24.04.2009 by the Sub Registrar, Hisar.*

6. In the instant case, it is on the objection raised by Stamp Auditor that the Collector initiated suo motu proceedings under Section 47-A(3) of the Stamp Act to determine the proper stamp duty and issued notices of appearance to the petitioner on 03.03.2011, 24.04.2011 and 10.12.2012, however, when the petitioner failed to appear, ex parte impugned order was passed on 13.02.2013. The Collector can examine any instrument for the purpose of satisfying himself as to the correctness of the value of the property or of the consideration disclosed and the amount of duty with which it was chargeable within a period of three years from the date of registration of the instrument and that too, after giving the person concerned reasonable opportunity of being heard and after holding an enquiry in the manner provided under sub-section (2). In the case at hand, the sale deed was registered on 24.04.2009 whereas the notice qua deficit registration fee of Rs.11,22,375/- was issued on 13.02.2013 i.e. after a period of 3 years 10 months from the date of registration of the sale deed and therefore, the recovery proceedings are time barred. This Court

> *in CWP No.21097 of 2019 titled as* ***Jyoti Singla and others Vs. State of Punjab and others*** *decided on 24.03.2022 has dealt with the similar issue where the Collector issued notice to the petitioners therein to make good the deficiency of stamp duty and registration charges after lapse of a period of three years and therefore, set aside the orders passed by the Collector as well as the Appellate Authority by holding that the Collector can take cognizance of the matter within a period of three years from the date of registration of the instrument under Section 47-A (3) of the Indian Stamp Act and not beyond that."*

9. Apart from the aforesaid legal infirmity, the Collector has placed reliance upon a spot inspection conducted by him more than four years after the execution and registration of the sale deed in question. Such a belated assessment of the nature and value of the land is of no significance in fastening the petitioners with the liability to pay enhanced stamp duty. The scheme of the Stamp Act requires the Collector to determine the market value of the land as it existed on the date of execution and registration of the sale deed. The liability to pay stamp duty cannot be determined on the basis of subsequent developments in the area or the appreciation in the value of the land owing to later developments. The Collector, while determining the alleged deficiency, took into account the circumstances existing at the time of the inspection rather than the position as it existed on the date of execution of the sale deed. The Commissioner also fell into error in affirming the order of the Collector without adverting to these material aspects.

10. The aforesaid view stands fortified by the judgment of the Hon'ble Supreme Court in ***"State of U.P. and others vs. Ambrish Tandon and another", 2012(1) R.C.R. (Civil) 865,*** wherein it was held that merely because the property is being used for commercial purpose at the later point

of time may not be a relevant criterion for assessing the value for the purpose of stamp duty. The nature of user is relatable to the date of purchase and it is relevant for the purpose of calculation of stamp duty. The relevant observations of the Supreme Court are reproduced hereunder:-

> *"8. We have already held that it is the grievance of the respondents that the orders were passed by the Additional Collector on a public holiday. Regarding the merits though the Collector, Lucknow made a surprise site inspection, there is no record to show that all the details such as measurement, extent, boundaries were noted in the presence of the respondents who purchased the property. It is also explained that the plot in question is not a corner plot as stated in the impugned order as boundaries of the plot mentioned in the freehold deed executed by Nazool Officer and in the sale deed dated 16.04.2003 only on one side there is a road. It is also demonstrated that at the time of execution of the sale deed, the house in question was used for residential purpose and it is asserted that the stamp duty was paid based on the position and user of the building on the date of the purchase. The impugned order of the High Court shows that it was not seriously disputed about the nature and user of the building, namely, residential purpose on the date of the purchase. Merely because the property is being used for commercial purpose at the later point of time may not be a relevant criterion for assessing the value for the purpose of stamp duty. The nature of user is relatable to the date of purchase and it is relevant for the purpose of calculation of stamp duty. Though the matter could have been considered by the Appellate Authority in view of our reasoning that there was no serious objection and in fact the said alternative remedy was not agitated seriously and in view of the factual details based on which the High Court has quashed the order dated 27.09.2004 passed by the Additional District Collector, we are not inclined to interfere at this juncture."*

11. In summa, this Court is of the considered opinion that the

impugned orders are legally unsustainable and are, accordingly, hereby set aside. Consequently, the instant writ petition stands **allowed**.

(KULDEEP TIWARI)
July 15, 2026 **JUDGE**
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Whether speaking/reasoned : Yes/No
Whether Reportable : Yes/No