IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI **[3330]**
(Special Original Jurisdiction)

FRIDAY, THE 7th DAY OF AUGUST 2026

PRESENT

THE HONOURABLE SRI JUSTICE TARLADA RAJASEKHAR RAO

CIVIL REVISION PETITION NO: 448/2026

Between:

1. CHALAMALA NARASA REDDY, (DIED) LEAVING BEHIND HIS TESTATOR AS PER WILL
2. CHALAMALA VENKATA REDDY, S/O. NARASA REDDY, AGED ABOUT 51 YEARS OCC CULTIVTION, R/O.KONAPURAM VILLAGE NANDALUR MANDAL, YSR KADAPA DISTRICT ANDHRA PRADESH PRESENTLY RESIDING AT GANG IREDDYPALEM RAJAMPET TOWN AND MANDAL, YSR KADAPA DISTRICT ANDHRA PRADESH.516115

...PETITIONER(S)

AND

1. THE SPECIAL DEPUTY COLLECTOR LAO SOMASILA PROJECT, (LAO) Somasila Project, Unit - IV, Collectorate Building, Kadapa, YSR Kadapa District Andhra Pradesh.516001

...RESPONDENT

Petition under Article 227 of the Constitution of India,praying that in the circumstances stated in the grounds filed herein,the High Court may be pleased tobegs to present the above revision questioning the order Dt.29-12-2025 passed in E.A.No.83/2025 in E.P.No.86/2016 in L.A.O.P.No.280/2000 on the file of the learned, Principal Senior Civil Judge(Senior Division) Rajampet, YSR Kadapa District,

CIVIL REVISION PETITION NO: 446/2026

Between:

Chalamala Narasa Reddy and Others **...PETITIONER(S)**

AND

The Special Deputy Collector Lao Somasila Project **...RESPONDENT**

<u>CIVIL REVISION PETITION NO: 447/2026</u>

Between:

Chalamala Narasamma (died) and Others **...PETITIONER(S)**

AND

The Special Deputy Collector Lao **...RESPONDENT**

<u>CIVIL REVISION PETITION NO: 449/2026</u>

Between:

Chalamala Venkata Reddy **...PETITIONER**

AND

The Special Deputy Collector Lao **...RESPONDENT**

Counsel for the Petitioner(S):

1. D KODANDARAMI REDDY

Counsel for the Respondent:

1. GP FOR ARBITRATION

The Court made the following:

THE HONOURABLE SRI JUSTICE TARLADA RAJASEKHAR RAO

CIVIL REVISION PETITION Nos.448, 446, 447 and 449 of 2026

COMMON ORDER:

As the issue involved in all these cases is identical, they are disposed of by way of this common order.

2. The petitioners, who are decree holders in Land Acquisition Original Petitions, filed Execution Applications in Execution Petitions under Rules 231 to 235 of the Civil Rules of Practice, to transfer amount through CFMS online system to the petitioners' accounts. The said applications were opposed by the Special Deputy Collector-cum-Land Acquisition Officer, Somasila Project, Unit-IV, Rajampet, stating that applications were filed for issuing cheques in respect of compensation awarded for structures. Therefore, income tax has to be deducted as per the provisions of the Income Tax Act. Section 194LA of the Income Tax Act, provides that on the compensation awarded for acquiring agricultural land, income tax, at the source, shall not be deducted and the same is confirmed by the Hon'ble Apex Court in ***Union of India v. Hari Singh***[1] and the structures standing on agricultural lands remain taxable. Therefore, prayed to dismiss the applications.

3. The Executing Court *vide* order dated 29.12.2025, by following the judgments of the Kerala High Court in ***Nalini v. Deputy Collector***[2] and Hon'ble Apex Court in ***Union of India v. Hari Singh*** *(supra-1),* allowed the

[1] (2018) 15 SCC 201
[2] 2006 (4) KARLJ 87

applications partly, granting liberty to the petitioners to claim exemption before competent authority under Section 197 of the Income Tax Act before the Income Tax authority. Aggrieved by the same, present Civil Revision Petitions are filed.

4. Learned counsel for the petitioners has relied on Circular No.36 of 2016 dated 25.10.2016. According to the Circular, no tax can be levied on any land acquired under Section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013), (for short hereinafter refer as 'RFCTLARR Act'), where such payment is made in respect of an award or agreement exempted from the levy of income tax.

5. In this context, it is relevant to extract Section 96 of the RFCTLARR Act, which reads as under:-

> "96. Exemption from income-tax, stamp duty and fees.-No income tax or stamp duty shall be levied on any award or agreement made under this Act, except under Section 46 and no person claiming under any such award or agreement shall be liable to pay any fee for a copy of the same."

6. Section 194 LA of Income Tax reads as under:

> Section 194 LA. Any person responsible for paying to a resident any sum, being in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any immovable property (other than agricultural land), shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent of such sum as income-tax thereon:

> Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed two lakh and fifty thousand rupees:
>
> Provided further that no deduction shall be made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under Section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013). Explanation. -- For the purposes of this Section, --
>
> (i) "agricultural land" means agricultural land in India including land situate in any area referred to in items (a) and (b) of sub- clause (iii) of clause (14) of Section 2;
> (ii) "immovable property" means any land (other than agricultural land) or any building or part of a building. (emphasis added)

7. The RFCTLARR Act came into effect from 1st January, 2014. Section 96, *inter-alia,* provides that income-tax shall not be levied on any Award or agreement made (except those made under Section 46) under the RFCTLARR Act and the Proviso to Section 194LA also says the same thing, which is extracted above. Therefore, compensation received for compulsory acquisition of land under the RFCTLARR Act (except those made under Section 46 of RFCTLARR Act), is exempted levy of the income tax.

8. Therefore, impugned orders dated 29.12.2025 passed in Execution Applications in Execution Petitions in Land Acquisition Original Petitions, on the file of learned Principal Civil Judge (Senior Division), Rajampet, are hereby set aside and remanded back to the Executing Court to consider the issue afresh, pursuant to the observations made by this Court, in accordance with law, and the learned Executing Court is further directed to expedite the hearing.

9. With the above directions, these Civil Revision Petitions are disposed of. There shall be no order as to costs.

As a sequel thereto, Interlocutory Applications pending, if any, shall stand closed.

JUSTICE TARLADA RAJASEKHAR RAO

Date: 07.08.2026

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THE HON'BLE SRI JUSTICE TARLADA RAJASEKHAR RAO

CIVIL REVISION PETITION Nos.448, 446, 447 and 449 of 2026

Date: 07.08.2026

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