2026 INSC 922

Non-Reportable

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

Civil Appeal No. of 2026
(Arising out of SLP (C) No.36745 of 2025)

Harinder Singh Sodhi ...Appellant (s)

Versus

State of Rajasthan and Ors. ...Respondent (s)

O R D E R

Leave granted.

2. The neat question to be considered to the above case is as to whether the property which was subject of a gift deed should be considered to be an 'industrial' property or a 'commercial' property for the purposes of computing the duty under the Rajasthan Stamp Act, 1998. Admittedly, the deed was registered as a 'residential' land.

3. Valuation for the purpose of stamp duty for residential land is higher than that of industrial land, but lesser than that of a commercial land. The Sub-Registrar conducted an inspection of the property and found it to be a commercial land, especially, since the use to which the land was put, according to him, was a showroom in the name of Sodhi Carpets. The Sub-Registrar also relied on the fact that the area called Golimar Garden had a number of commercial enterprises.

4. The Collector being the authority under the Stamp Act, also carried out an inspection and found the building in the property being used as a factory, definitely an industry. The Rajasthan Tax Board after looking at both the inspection reports i.e., of the Sub-Registrar and the Collector, agreed with the Collector, especially after reckoning the circular issued by the Government of Rajasthan.

5. The State, however, challenged the orders of the statutory authorities before the High Court. The High Court reversed the concurrent findings of the statutory authorities on the ground that the test to determine the use for industrial purposes, would be as to : i) whether the property is situated in the industrial area; and ii) whether the work performed is exclusively of manufacturing and nothing further is being done. Finding that not only manufacturing but also sale of manufactured goods were being conducted, it was held to be a commercial building.

6. The property was owned by a family who were carrying on their business in a multi-storey building with ground and three floors. Separate ownership was assigned to siblings, of whom, one brother gifted his share to another brother. The gift deed was stamped in accordance with the valuation applicable to residential premises. The Sub-Registrar sought enhancement finding it to be commercial premises. The appellant's contention before the Sub-Registrar and the statutory authorities was that in fact the property is used for industrial purposes, the premises having been registered as a factory under the Factories Act, 1948 and also registered as an industry under the District Industries Centre, Jaipur. It was also contended that the gift deed was stamped with duty more than that applicable to industrial lands, since the duty remitted was reckoning the land to be a residential one.

7. We have looked at the orders of the statutory authority and Circular No.2/2004 issued by the Government of Rajasthan, bringing in the method of valuation of different categories of land, for the purpose of determining stamp duty. The Collector had in fact conducted a physical inspection of the premises and found a manufacturing activity going on. The manufactured items definitely had to be sold and if the premises is used for such sale too, even retail sale, it cannot lead to a conclusion that the property is one used for commercial purposes, as distinguished from an industrial purpose. Obviously, the lesser valuation is made applicable to industrial use to promote such industrial activity; which valuation is lesser than that applicable for residential premises. The registration as a factory and as an industry also assumes significance, especially looking at the circular.

8. The circular, insofar as valuation of industrial land, specifies the user and not the classification of the area. The circular requires that at the time of execution of the document, if the land is being put to industrial use or is situated in a RIICO Industrial Area or has been converted to industrial purpose, then it shall be valued at the industrial rate. Hence, our finding, that the user determines the valuation of the land, as distinguished from the classification, even as per the Master Plan as submitted by the learned Government Advocate.

9. The High Court clearly erred in stipulating a test which does not come out from the circular of the State Government providing for valuation of different properties, specifically of industrial, residential and commercial properties.

10. We, hence, find absolutely no reason to sustain the order of the High Court and reverse it, upholding that of the statutory authorities, which stands restored. We make it clear that even if the gift deed has reckoned the valuation for residential lands, which is in excess of industrial lands, there shall be no claim for refund by virtue of this order, since the valuation was carried out voluntarily by the executant of the gift deed, with open eyes.

11. The appeal is allowed.

12. Pending application(s), if any, shall stand disposed of.

.. J.
(J. B. PARDIWALA)

.. J.
(K. VINOD CHANDRAN)

NEW DELHI;
AUGUST 24, 2026.