

Chamber of Tax Consultants  
Mumbai

# INTERPRETATION OF STATUTES

**Vikram S.Nankani**  
**Senior Advocate**

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# Golden Rule

- Literal Meaning
- When language clear and unambiguous  
*[Union of India –vs- Meghmani Organics Limited [2016 (10) SCC 28]*
- No room for intendment in taxing statute  
*[Oswal Agro Mills –vs- CCE 1993 (3) SCC 761]*

# Heydon Rule – Mischief Rule

- 1584 3 Co. Rep. 7a = (76) ER 637
- *Dr. Baliram Waman Hirey –vs- B. Lentin* [**1988 (4) SCC 419**]

# *Purposive Construction*

- Exception to the Golden Rule
- Only when language capable of more than one interpretation or leads to absurdity or defeats the purpose. [*Grid Corporation of Orissa Limited –Vs- Eastern Metals* [**2011 (11) SCC 334**]
- *Shailesh Dhariaryawn –Vs- Mohan Balakrishna Lulla* [**2016 (3) SCC 619**]
- *Bombay Dyeing & Mfg. Co. –Vs- Bombay Environmental Action Group* [**2006 (3) SCC 434**]

# Taxing Statutes

- Classification – Burden of Revenue
- Exemption burden on assessee
- Novapan Industries –Vs- CCE [**1994 (Supp.) (3) 606]**

# Interpretation of Exemption Notification

## Two Levels

- Strict interpretation to determine eligibility
- Liberal interpretation of procedural conditions.

# Conditions – Directory or Mandatory

- *CC –Vs- Dilip Kumar & Co.* [2018 (9) SCC 38]
- *CCE –Vs- Hari Chand Shri Gopal* [2011 (1) SCC 236]
- Penal Provisions
- Cannot read into power to impose : *CCE v. Orient Fabrics Pvt.Ltd.* [2004 (1) SCC 597]
- Article 20(1) of Constitution
- Strict Interpretation : *State of W.B. v. Swapan Kumar Guha* [1982 (1) SCC 561]
- Exemption : *Chief Inspector v. Karam Chand Thapar* [AIR 1961 SC 838]

# Charging Section – Strict Interpretation

- CWT vs. Ellis Bridge Gymkhana [1998 (1) SCC 384]



# Prospective, retrospective or retroactive

- General Rule prospective
- Retrospective cannot take away vested right -  
*CIT –Vs- Vatika Township Pvt.Ltd.* [2015 (1) SCC 1]
- Retroactive antecedent facts  
*Shanti Conductors Pvt.Ltd. –Vs- State of Assam*  
[2019 SCC online SCC 68]
- Procedural Laws : Retrospective : E.G.Limitation
- Substantive Rights : Prospective

# Principles of Interpretation

- Ejusdem Generis : *Maharashtra University of Health Sciences v. Santichikitsa* [**2010 (3) SCC 786**]
- Noscitur A Sociis : *State of Bombay v. Hospital Mazdoor Sangh* [**AIR 1960 SC 610**] & *Godfray Philips v. State of UP* [**2005 (2) SCC 515**]
- *Contemporaneous Exposition* : *K.P.Varghese v. ITO* [**1981 (4) SCC 173**]
- Headings, titles and marginal notes
- *Statement of Objects & Reasons*: *Federation of Hotel & Restaurant Association v. Union of India* [**2018 (2) SCC 97**]
- Minister's speech : *CIT v. Meghalaya Steels Ltd.* [**2016 (6) SCC 747**]
- Amended v. Unamended.

# Parts of Sections/Definitions

- Explanation : Clarificatory or Not : *Bureau Veriton v. CC* [2005 (3) SCC 265]
- Proviso : Defines scope of main provision: Exemption : *Hindustan Ideal Insurance Co. Ltd. v. LIC* [AIR 1963 SC 1083]
- Legal fiction – Deeming provision : *MIG Cricket Club v. Abhinav Sachar Education Society* [2011 (9) SCC 97] & *M.K.Venkatachalam v. Bombay Dyeing* [AIR 1958 SC 875]
- Includes Means = *South Gujarat Roofing Tiles Manufacturer Association v. State of Gujarat* [1976 (4) SCC 601]
- Means & Includes : *Black Diamond Beverages v. CTO* [1998 (1) SCC 458]
- Unless the context otherwise requires.
- Namely/such as : Restrictive/ Illustrative