



Uttarakhand HC upheld levy of Water Tax

The Uttarakhand State Government levied tax vide the Uttarakhand Water Tax on Electricity Generation Act, 2012, on hydro power generating companies through river water in the state. The power generating companies aggrieved from the levy of tax challenged the constitutional validity and vires of the aforesaid legislation vide writ petitions, the leading case was titled as ***Alaknanda Hydro Power Co. Ltd. v. State of Uttarakhand***¹.

The primary contention of the counsels appearing on behalf of the power companies was the state legislature lacks in the jurisdiction to legislate on the subject matter and passed the aforesaid tax legislation within Schedule VII of the Constitution of India. The other contention raised was pertaining to the calculation of the tax liability by the Commission for water usage for production of electricity.

The Hon'ble Court while upholding the constitutional validity of the legislation, held that the assessment of the tax liability is provisional in nature and disputes pertaining to the same should have been brought before the Commission constituted under the legislation in question, however, the petitioners preferred the present writ petition. The Hon'ble Court while dismissing the writ petition upheld the provisional assessment order and the notice issued therein against the power generating companies.

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² Majesty legal is law firm and aim of the present article is to provide recent updates in the legal world. The opinions presented in the article are personal in nature and not to be deemed as legal advice.