

Sarfaesi, Wealth Tax Act, 1957 S. 2(e), Sarfaesi S. 31

“We agree that the determination of the character of land, according to the purpose for which it is meant or set apart and can be used, is a matter which ought to be determined on the facts of each particular case. What is really required to be shown is the connection with an agricultural purpose and user and not the mere possibility of user of land, by some possible future owner or possessor, for an agricultural purpose. It is not the mere potentiality, which will only affect its valuation as part of “assets”, but its actual condition and intended user which has to be seen for purposes of exemption from wealth-tax. One of the objects of the exemption seemed to be to encourage cultivation or actual utilisation of land for agricultural purposes. If there is neither anything in its condition, nor anything in evidence to indicate the intention of its owners or possessors, so as to connect it with an agricultural purpose, the land could not be “agricultural land” for the purposes of earning an exemption under the Act. Entries in revenue records are, however, good prima facie evidence.”

‘Commissioner of Wealth Tax, Andhra Pradesh v. Officer-in-Charge (Court of Wards) Paigah, 1976 3 SCC 864