



WORDS & PHRASES JUDICIALLY DEFINED UNDER DIRECT TAXES (1999). By D. Varadarajan. Bharat Publishing House, New Delhi. Pp. 95+643. Price Rs. 500.

THE BOOK authored by Shri D. Varadarajan, as the title shows, concerns basically about the meanings of the words and phrases as these have been explained in the context of direct tax laws and rules of interpretation developed over the years concerning such laws. The two subjects are inter related as the problem of interpretation is essentially a problem of finding out the meaning of words and phrases used in legislative enactments and their effectiveness as medium of expression to communicate a particular view/thought and in this process finding out the meanings of the words and phrases, plays an important role. But interpretative exercise cannot remain confined merely to the language used. For interpreting words in a statute various other factors such as reasons for its enactment, reports of the commissions and committees forming the background of the respective Acts, Parliamentary debates, the preamble and the scheme of the Act, consequences to follow by the process of interpretation such as hardship, inconvenience, injustice, anomaly etc. and various other aspects have to be taken into account besides the literal rule. Hence the courts have, sometimes, assigned in many situations, meanings to the words which are different from their ordinary meanings and for understanding and appreciating the philosophy for departing from the normal meaning as well as to know the reasons for accepting the popular meaning a book like the one under review is a great help.

The next question is as to why there should be a separate book concerning the interpretation in relation to direct tax laws? The fundamental rule of construction is the same for all statutes whether fiscal or otherwise. This query may conceptually appear to be well taken. But the fact of life is that over a period of time modifications to the generally applicable principles have developed as far as fiscal laws are concerned and some rules of interpretation, which are mainly applicable to tax laws, have developed. The examples are principle relating to beneficial/liberal interpretation in favour of tax payers when there are two equally plausible views, application of substantive and machinery provisions, non-application of the principle of *res judicata* in tax proceedings generally, interpretation of exemption provisions, interpretation of the circulars of the CBDT and various other such matters, the rule that fiscal laws can not generally be struck down on the ground of discrimination, etc. For knowing the latest judicial view on such matters, a reference to the book



would be illuminating and helpful.

The book is divided into two parts. Part I deals with the subject of interpretation of taxing statutes and the relevant rules concerning such interpretation. There are 32 sub headings in this part where the author has dealt with the relevant aspects. These, *inter alia*, include the subjects of prospective and retrospective operation of such laws, legal fictions, how mischief rule works in direct tax laws, concepts relating to binding precedents, *obiter dicta*, *ratio decidendi*, *judgement per incurium*, repeal of provisions, doctrine of *mens rea*, application of rules relating to natural justice, promissory estoppel, *res judicata*, mergers in tax proceedings and various other such rules. The discussion is complete, to the point and is backed by relevant case law, which is updated upto the time of writing the book.

Part II contains 10 chapters where words defined by courts in the context of Income Tax Act 1922 and 1961, I.T. Rules, 1962, various Finance Acts, Wealth Tax Act, 1957, Gift Tax Act, 1958, Expenditure Tax Act, 1957, Companies Profits Sur Tax Act, 1964, Super Profits Tax Act, 1963 and Estate Duty Act, 1953 have been covered at length with reference to the relevant provisions in the respective acts supported by relevant court decisions. The coverage is complete, to the point and brief. This discussion is spread over 643 pages and is exhaustive leaving practically nothing to be desired. The citation of the cases where the relevant words have been considered is wide and detailed. The coverage is self-contained and the reader has not to refer to any other publication for understanding the meaning of the words and phrases. The publication brings out clearly the characteristics of Shri Varadarajan's personality of being thorough, precise, perfect, well read and a painstaking person. He deserves all praise for bringing out such a useful publication. The book would be extremely helpful to all those who have to deal with the implementation of direct tax law namely tax officers, tax consultants and advocates, students of tax laws, and academicians. The book would be a good addition to tax libraries.

There are some maxims and legal quotations concerning taxes. These could, perhaps, be covered in a new chapter to make the book more broad based. The get up of the book is nice and its price is affordable by persons interested in tax jurisprudence. I wish the book and the author all success.

T.N. Pandey*

* Ex-Chairman CBDT.