2026:PHHC:076883

207 **IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH**

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CWP-25882-2021 (O&M)
Date of Decision: 15.05.2026

M/s Laqshya Media Private Limited

...Petitioner

Versus

State of Punjab and Others

...Respondents

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present:- Mr. Viren Jain, Advocate
for the petitioner.

Mr. Arun Jindal, Addl. A.G., Punjab.

Mr. Raghav Kakkar, Advocate and
Mr. Shiv Pratap Thakur, advocate
for respondents No.3 and 4.

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<u>JAGMOHAN BANSAL, J. (ORAL)</u>

1. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking direction to respondents to release its payment of Rs.26,96,943/- which has been admittedly and undisputedly received by Municipal Corporation (for short 'MC'), Ludhiana-respondent No.3 from Directorate of Information and Public Relations, Punjab-respondent No.2.

2. The petitioner is a private limited company and engaged in the business of display of outdoor advertisements across various media platforms. It entered into a contract with M/s Ludhiana City Bus Services Limited, a Government Company with regard to creation of public infrastructure in the form of bus shelters for the city of Ludhiana. The petitioner got exclusive rights to display advertisement on the aforesaid bus shelters. The petitioner displayed advertisement. The respondent

No.3-MC, Ludhiana raised demand of tax on advertisement. The demand was challenged and this Court vide judgment dated 23.08.2016 set aside demand on the ground of absence of machinery provisions. The Court held that in the absence of machinery providing filing of return, assessment of tax and consequent recovery, the demand is not sustainable. The respondent No.3-MC, Ludhiana was granted liberty to raise demand if permissible by law after following prescribed procedure. The petitioner had deposited a sum of Rs.25,00,000/- with respondent as per orders of this Court. The petitioner approached this Court seeking refund of the aforesaid amount. On the directions of this Court, the respondent refunded a sum of Rs.25,00,000/- which was deposited by petitioner. The State of Punjab with respect to services rendered by petitioner transferred a sum of Rs.26,96,943/- to respondent No.3-MC, Ludhiana. The respondent No.3-MC, Ludhiana was always of the opinion that petitioner is liable to pay advertisement tax, thus, they withheld aforesaid amount received from the State of Punjab. The petitioner is claiming release of said amount.

3. Learned counsel representing the petitioner submits that there is no dispute with respect to quality and quantity of work executed by petitioner. There was contract between the petitioner and State Government which released agreed consideration. The payment was not directly released to petitioner whereas was transferred in the account of respondent No.3-MC, Ludhiana. The respondent has no authority to withhold petitioner's payment because there is no contract between petitioner and respondent No.3-MC, Ludhiana and State is not disputing its liability. Demand of advertisement tax stands set aside by this Court, thus, respondent on the basis of order dated 27.08.2022 passed during the pendency of present petition has no authority to withhold petitioner's dues. There is no provision which empowers respondents to make

adjustment of alleged demand against petitioner's dues. The respondent has wrongly and illegally withheld petitioner's dues. The order dated 22.08.2022 passed by respondent is contemptuous in nature. The said order is contrary to judgment of Division Bench of this Court, thus, cannot be relied upon. It deserves to be ignored by this Court.

4. On being asked, learned counsel representing the petitioner concedes that order dated 22.08.2022 passed by respondent has not been challenged. He submits that order dated 22.08.2022 has been passed during the pendency of present petition and is contrary to judgment of this Court, thus, ought to be ignored without being challenged.

5. Learned counsel representing the respondents submit that this Court vide order dated 23.08.2016 has not held illegal or beyond jurisdiction levy of advertisement tax. The Court has simply held that in the absence of machinery provisions, tax cannot be demanded. The respondent re-examined the matter and passed order dated 22.08.2022 whereby it was held that demand was sustainable. As respondent has to recover a sum of Rs.56,44,678/- from the petitioner, thus, it would not be justified to direct the respondent to release payment of claimed amount.

6. Heard the arguments and perused the record.

7. From the perusal of record, it is evident that a Division Bench of this Court vide order dated 23.08.2016 has set aside demand notice on the ground that there is no machinery provision in the form of filing of returns, assessment of tax and consequent recovery thereof. The respondent had not framed assessment whereas demand was raised. In the aforesaid judgment, it was categorically pointed out that there is no machinery to collect alleged advertisement tax. The respondent has not framed rules or regulations prescribing machinery provisions to cure defect pointed out by this Court. Without removing defect pointed out by this Court, the respondent has passed order dated 22.08.2022 whereby

demand of Rs.56,44,678/- has been raised. The demand is *prima facie* contrary to judgment of this Court, however, petitioner has opted not to challenge said order. In the absence of challenge of said order, this Court does not find it appropriate to ignore said order.

8. As noticed above, the respondent has created demand of Rs.56,44,678/- by way of order dated 22.08.2022. The said demand is not under challenge. This Court cannot ignore said order in the absence of being challenged. The petitioner is claiming refund of Rs.26,96,943/- and respondent is claiming demand of Rs.56,44,678/-. In the absence of setting aside of demand raised by respondent, this Court does not find it appropriate or equitable to direct respondent to release amount claimed by petitioner.

9. At this stage, the petitioner seeks permission to challenge order dated 22.08.2022. From the perusal of interim orders passed by this Court, it is evident that validity of the said order was doubted, however, petitioner did not opt to challenge said order. In these circumstances, this Court finds it appropriate to grant liberty to the petitioner to avail remedies as permissible by law against said order.

10. ***Disposed of*** in above terms.

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

(JAGMOHAN BANSAL)
JUDGE

15.05.2026
Prince Chawla

Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No