Commissioner of Income Tax, Patiala v. H.P. State Small Industries and Export Corporation Limited

ITR 2/1997

No neutral citation stated in source | 2008-04-22

Pre-1 April 1985 provisions did not authorize enhanced interest following rectification.

139(8) | 215(3) | 217 | 256

High Court of Himachal Pradesh | Division Bench | Deepak Gupta | Rajiv Sharma

Assessment years: 1982-83 (express present-case statement; inconsistent 1974-75 reference also appears)

01 FACTS OF THE CASE

Revenue sought an opinion on whether interest under sections 139(8) and 217 could be charged on carrying out rectification. The Court expressly identified the present assessment year as 1982-83, although the preceding paragraph also refers to 1974-75. The source gives no amount of enhanced income or interest.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

Section 217(2) applied relevant provisions of section 215 to section 217 interest. Comparing the pre- and post-1 April 1985 texts, the Court found that the earlier provisions provided for reducing interest when tax decreased, but did not authorize increasing interest when tax increased. The amendment introduced that power and was not retrospective. Panna Lal and Vishwajit M. Mehta supported the conclusion.

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03 JUDICIAL DECISION

For the pre-amendment year, the Income Tax Officer had no authority to impose interest on the income increased by rectification. The question was answered for the assessee, the reference disposed of without costs and a copy directed to the Tribunal.

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04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeded on the additional interest issue. The judgment did not cancel the underlying increased income or decide a quantified refund.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

The charging authority depended on the applicable statutory version — The Court distinguished the power to reduce an existing charge from the power to enhance it. An increase in assessed income did not itself supply the missing pre-amendment authority to increase interest. The operative text for the relevant year, rather than the mere occurrence of rectification, controlled the answer.

The relief was confined to consequential interest — The source addresses interest on the rectification increase, not the validity of that increase itself. Consequently, this judgment cannot support a claim that the underlying tax addition was deleted or that all original interest ceased to be payable.

Preserve the year inconsistency and the temporal limit — Both years printed on page 4 precede 1 April 1985, so the inconsistency does not change the stated temporal reasoning. It still prevents treating the record as an unqualified confirmation of the assessment year without the underlying file. The Court's answer does not govern later interest provisions without a separate statutory comparison.

Source: PDF p.1

SOURCE & VERIFICATION

20080422_HPHC010024091997.pdf

Complete source PDF reviewed: 4 physical pages.

All 4 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All four pages read and visually inspected, including both statutory comparison columns. Page 4 mentions AY 1974-75 then expressly identifies the present case as AY 1982-83; the inconsistency is retained, not resolved by guesswork.

STATUTORY SCOPE

Historical sections 139(8), 215(3) and 217; section 256 reference. Amendment effective 1 April 1985 was not treated as retrospective.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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