Commissioner of Income-tax, Patiala v. Vinod Kumar Gupta

ITC 33/1991

No neutral citation stated in source | 2007-02-28

Revenue's request for reference dismissed after Tribunal set aside revision of insurance-compensation treatment.

256(2) | 263 | 154

High Court of Punjab and Haryana | Division Bench | M.M. Kumar | Rajesh Bindal

Assessment years: 1982-83

01 FACTS OF THE CASE

The taxpayer treated Rs.34,143 insurance compensation as a non-taxable capital receipt for 1982-83, accepted in scrutiny assessment. The Commissioner revised the assessment under section 263 and directed taxation as revenue receipt. The Tribunal set revision aside, finding its required ingredients absent; earlier section 154 proceedings had also been dropped. Revenue sought a High Court direction requiring a reference.

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02 DISCUSSION BY THE HON'BLE COURT

The Court found no substance in Revenue's petition and noted that the Assessing Officer had treated the receipt as capital on the same facts. Its final reasoning sentence prints that section 263 powers could be exercised because a second opinion was possible; this conflicts with the surrounding reasoning and the dismissal. The operative result is clear, while that sentence requires caution in quotation.

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03 JUDICIAL DECISION

The section 256(2) petition was dismissed. No direction to refer the proposed question was made.

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04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's order setting aside revision remained undisturbed. This brief refusal does not supply a general classification rule for all insurance compensation.

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05 EXPERT COMMENTS

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

The operative dismissal is certain despite a textual conflict — The words could be exercised in the penultimate paragraph do not align with the express rejection of Revenue's petition. It would be unsafe to quote them as a standalone authorization for revision or silently insert a missing negative into the source. A submission needing the exact proposition should verify an authoritative corrected version while preserving the unambiguous procedural result.

Insurance labels do not establish the nature of every receipt — The order identifies Rs.34,143 compensation but does not explain the insured asset, loss event or policy terms. Its account of the accepted capital treatment cannot determine the character of a different payment. Those underlying facts would be necessary before using this case beyond the revision dispute actually before the Court.

Dropped rectification is part of the history, not a separate bar — The Tribunal noted earlier section 154 proceedings had been dropped and found revision ingredients absent. The High Court did not announce that dropping rectification invariably prevents section 263 action. Keep that history separate from the assessment view and the reference refusal, rather than constructing an additional jurisdictional prohibition.

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SOURCE & VERIFICATION

20070228_PHHC010244381991.pdf

Complete source PDF reviewed: 2 physical pages.

All 2 original pages read and visually inspected; all five panels audited.

Open cited source rendition

Both original pages read and visually inspected. The penultimate paragraph literally says section 263 powers could be exercised on a second opinion, inconsistent with the preceding no-substance finding and express dismissal. This wording anomaly is disclosed rather than silently corrected.

STATUTORY SCOPE

Section 256(2) petition concerning section 263 revision for assessment year 1982-83.

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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