A.P. Wine Dealers Association and others v. Deputy Director of Income Tax (Investigation), Unit 1(2), Hyderabad and others

W.P. No. 6009 of 2005

W.P. No. 6009 of 2005 (High Court of Andhra Pradesh, 2005-04-13) | 2005-04-13

Omnibus demand for excise applicants' demand drafts exceeded the invoked investigation power.

Income-tax Act,1961: sections 131(1), 131(1A), 132

High Court of Andhra Pradesh | Division Bench | G. Bikshapathy | P. S. Narayana

Assessment years: Not specified in order text

01 FACTS OF THE CASE

Two wine-traders' associations and individual applicants challenged the Investigation Wing's letter of 16 March 2005 requiring Excise Superintendents to produce applications and original demand drafts within 24 hours. The demand followed litigation concerning the excise-licence lottery. Revenue alleged cash-funded drafts, fictitious accounts and benami applications; these were investigation allegations, not adjudicated findings of evasion.

Source: PDF pp.1–6, 32–34 and 39–50

02 DISCUSSION BY THE HON'BLE COURT

The Court accepted the common grievance and representative standing. It examined the limited purposes of sections 131(1) and 131(1A), distinguishing investigation powers from other statutory procedures. Protecting the exchequer could not supply a power absent from the provision invoked. The separate question whether a demand draft was a “document” did not require determination.

Source: PDF pp.19–20, 30–32 and 69–77

03 JUDICIAL DECISION

The omnibus mode adopted was held beyond the authority’s jurisdiction. The writ was allowed and all Excise Superintendents were directed to return the demand drafts to all applicants expeditiously, within two weeks from the judgment date, 13 April 2005.

Source: PDF pp.75–79

04 OUTCOME / IN WHOSE FAVOUR

No costs were awarded. Revenue remained free to use legally permissible procedures under the Act. The order neither established applicants’ tax innocence nor prohibited a properly authorized investigation; it invalidated this demand and required return of the drafts.

Source: PDF pp.76–77

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Match the requested act to the statutory power: The defect concerned the omnibus demand, not the desirability of investigating suspicious funding. Match the requested custody or production to the invoked subsection and its purpose. Suspicion and revenue protection could not supply missing authority. (PDF pp.69–77)

Avoid converting the judgment into a blanket pending-proceedings rule: Section 131(1A) permits specified investigation even without pending proceedings. The judgment does not invalidate every pre-assessment inquiry: scrutinize the particular power, conditions and mode of action, rather than relying on the absence of an assessment alone. (PDF pp.52–61 and 69–77)

Separate the relief from the unresolved characterization: The Court expressly found it unnecessary to decide whether demand drafts were documents. A submission that this judgment categorically excludes demand drafts from document-production powers would overstate it. The binding practical direction here was their return within two weeks, while lawful alternative procedures remained available. (PDF pp.75–77)

Representative relief did not determine individual tax exposure: The common grievance supported representative standing and collective relief. It did not determine ownership, source of funds or tax consequences of each draft. Those issues require individual evidence and a legally authorized proceeding. (PDF pp.19–20, 30–32 and 76–77)

Source: PDF pp.69–77

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 82-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have 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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