

Gursahai Saigal v. Commissioner of Income-tax, Punjab

Civil Appeals Nos. 10 to 12 of 1962

[1963] 3 SCR 893 | 1962-08-31

How interest under section 18A(8) was computed where a new assessee filed no advance-tax estimate and paid no advance tax

Indian Income-tax Act, 1922: section 18A(3), (6), (8), (9)

Three-judge bench; judgment delivered by A. K. Sarkar, J. | J. L. Kapur, J. | A. K. Sarkar, J. | M. Hidayatullah, J.

Historical ruling; verify current law

The decision interprets the repealed 1922 Act's advance-tax interest machinery. Its general interpretive observations do not replace the present statute.

01 FACTS OF THE CASE

A previously unassessed taxpayer was required by section 18A(3) to estimate income and pay advance tax, but did neither. Interest was charged in three assessment orders under section 18A(8). The taxpayer argued that section 18A(6) mentioned the year in which tax "was paid" and therefore supplied no workable start date or shortfall where nothing had been paid.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished the strict construction of a charging provision from ordinary construction of machinery that makes an admitted charge effective. Section 18A(8) plainly created liability for interest and incorporated section 18A(6) only as computation machinery. To make it workable, the start date was the first January in the financial year when tax ought to have been paid; with no payment, the shortfall was the entire eighty per cent.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

Interest under section 18A(8) was chargeable for failure to estimate and pay under section 18A(3). The separate penalty under section 18A(9) was additional and did not displace the interest liability.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

All three appeals dismissed; the Punjab High Court's answer against the assessee was upheld, with costs to the Commissioner.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: do not use a drafting feature in computational machinery to defeat an independently clear charge. First establish that the charge applies; then construe incorporated machinery to make it operational without expanding the charge itself.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete 12-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 12-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify the current enactment, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

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This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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