

Ishwarlal Girdharlal Parekh v. State of Maharashtra and Others

Criminal Appeal No. 109 of 1966

[1969] 1 SCR 193 | 1968-05-01

Charge-stage tax fraud: whether an income-tax assessment order allegedly procured at an understated amount could be property delivered by the officer and a valuable security for section 420 IPC.

Indian Penal Code, 1860: sections 29, 30, 415, 417, 420 and 468 | Prevention of Corruption Act, 1947: sections 5(1)(d) and 5(2), as part of the prosecution allegations | Indian Income-tax Act, 1922: sections 3 and 29, as assessment and demand context

2-judge bench | V. Ramaswami, J. | C. A. Vaidialingam, J.

Assessment years: 1960-61

No finding of guilt

The Court decided only whether the alleged facts could support a section 420 charge. It expressly left proof of the prosecution case and other objections for trial.

01 FACTS OF THE CASE

Five accused were sent to trial over an alleged conspiracy to cheat the income-tax authorities in Premier Industries' assessment for AY 1960-61. The appellant and another accused were partners; the remaining accused included an income-tax consultant and two Department clerks. The prosecution alleged that their acts caused the authorities to issue an assessment at less income and tax than were due, and framed charges including section 420 IPC, section 468 IPC and corruption offences. The appellant objected that an assessment order was neither property nor valuable security, so at most the allegation could support simple cheating under section 417. The Special Judge and Bombay High Court rejected that preliminary challenge.

Source: [Prosecution allegations, charges and preliminary objection: SCR pp.194-196](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished accrual of tax liability from the assessment that particularises total income and the amount payable. A communicated assessment order has value to the assessee because it fixes the assessed income and liability. For section 420, property need not possess market value in the deceived person's hands if the thing becomes valuable to the person obtaining it. Service of the particular assessment order formed part of the assessment process and could amount to delivery when allegedly induced by deception. The order was also a document and a valuable security under section 30 IPC because it created a right in the assessee to pay tax only on the income assessed and restricted liability accordingly. These conclusions addressed legal sufficiency of the charge on the prosecution allegations, not proof that deception occurred.

Source: [Assessment order as property, delivery and valuable security: SCR pp.196-197](#)

03 JUDICIAL DECISION

The Court held that the alleged inducement could legally support a section 420 charge whether analysed as dishonest delivery of the assessment order as property or as making a valuable security. It dismissed the appeal while expressly leaving proof of the case and other available objections to the trial.

Source: [Charge upheld and appeal dismissed: SCR p.197](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the State only on maintainability of the section 420 charge. The appellant's preliminary appeal failed; no conviction, tax quantum or final assessment merits were determined.

Source: [Limited procedural outcome: SCR p.197](#)

05 AKHB REVIEW POINT

AKHB analysis: separate the statutory accrual of tax from the assessment document that quantifies liability. In a fraud or prosecution file, identify the precise representation, the officer allegedly deceived, how it affected computation and communication, and the legal character of the resulting order. This judgment does not itself prove dishonest inducement, validate a tax computation or displace applicable sanction, mens rea, evidence and limitation requirements. Current IPC/BNS, tax-prosecution and assessment provisions require separate verification.

Source: [AKHB analysis based on the expressly limited charge-stage ruling](#)

SOURCE & VERIFICATION

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

Full five-page SCR report read. The editorial headnote on PDF page 1 was separated from Vaidialingam J.'s judgment on PDF pages 2-5 / SCR pp.194-197.

[Open cited source rendition](#)

Exact source bytes match catalogue asset 1969_1_193_197: SHA-256

0a27730b8445dae83abff11a5b3101b420fc484c57fe16988b156b04c1f3202e; the PDF has five pages.

The decision date is 1 May 1968 although the SCR volume is reported in 1969. Title, bench and Criminal Appeal No.109 of 1966 are verified from SCR pp.193-194. Catalogue identifier 1968INSC136 is not printed in the report and is not independently certified here.

The report has no numbered judicial paragraphs; SCR and physical PDF page pinpoints are used.

STATUTORY SCOPE

This is a preliminary charge-stage ruling under the IPC and the 1922 Income-tax Act setting. It does not determine guilt, the true taxable income, current prosecution provisions or the legal effect of a modern assessment order under later statutes.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent criminal-law and tax-prosecution treatment has not been checked; no current citator clearance is represented.

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