

Balchand v. Income-tax Officer, Sagar

Civil Appeal No. 640 of 1966

[1969] 1 SCR 704 | 1968-08-19

Could a return volunteered after a completed assessment prevent a later reassessment notice, and did the erroneous preamble of the earlier old-Act notice make its assessment year uncertain?

148

Two judges | J.C. Shah, J. | V. Ramaswami, J.

Assessment years: 1945-46, 1946-47

Completed-assessment return rule with separate reopening safeguards

Balchand rejects a voluntary-return objection because assessment for the year had already been completed. It does not authorise ignoring a valid return pending before initial assessment or waive other reopening conditions. The notice-year ruling depends on this notice's clear body and the assessee's acknowledgement. Transition competence was undisputed; limitation and revival were not decided. Later Niranjan expressly retains other jurisdictional conditions. Original judgment PDF unchanged; comprehensive later treatment, current law and 2025 mapping are not verified.

01 FACTS OF THE CASE

The Income-tax Officer, Sagar, had assessed Balchand under section 23(3) of the 1922 Act for AYs 1945-46 and 1946-47. On 24 June 1959 the officer issued a section 34 notice requiring a return of total world income assessable for the year ending 31 March 1946. Its preamble nevertheless named both 1946-47 and 1945-46. Balchand initially filed a return for AY 1946-47 on 17 August 1959. After the officer explained that the notice concerned AY 1945-46, Balchand filed the appropriate return on 22 March 1960 and admitted that he had misunderstood the notice. That return disclosed his one-third share in Sheoprasad Shobharam (physical pages 2-3/SCR 705 C-706 D).

On 14 March 1963 the officer separately issued a notice under section 148 of the 1961 Act for AY 1946-47 on the ground of escaped income. Balchand sought quashing of both notices and restraint of the resulting proceedings. The High Court rejected his petition. His appeal to the Supreme Court raised the year-identification objection to the first notice and the argument that his undisposed August 1959 return for AY 1946-47 barred the second notice (physical pages 2-3/SCR 705 F-706 E).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The first notice's body clearly called for income assessable for the year ending 31 March 1946, corresponding to AY 1945-46. Balchand's own corrective letter confirmed his understanding and acknowledged his initial mistake. The negligent drafting of the preamble therefore did not invalidate that notice in these facts. The Court did not announce that every wrong assessment year, missing jurisdictional requirement or notice defect is harmless (physical page 3/SCR 706 A-D).

For the second objection, the Court considered section 22(3) of the 1922 Act, which permitted the relevant return or revised return before assessment was made. Here assessment for both years had already been completed. The Act supplied no machinery for an assessee's later unsolicited return to compel another assessment or suspend the officer's power to issue a reassessment notice. The August 1959 return therefore did not become a pending assessment proceeding merely because the officer had not disposed of it (physical pages 3-4/SCR 706 E-707 G).

Ranchhoddas Karsondas and S. Raman Chettiar were distinguished. Those cases involved returns before any assessment for the relevant year, including a return filed in response to an invalid reopening notice which could operate as a return under section 22(3). A valid return awaiting an initial assessment could not simply be ignored. That principle did not extend to another voluntary return filed after the relevant assessment had already been completed. An assessee could not use such a filing to require reassessment without the necessary reopening machinery (physical pages 4-6/SCR 707 H-709 A).

The Court applied the rejection of the voluntary-return bar to the actual section 148 notice as well as explaining the old-Act position. Its final paragraph separately said that competence to issue a section 148 notice after repeal, where no assessment proceeding had commenced before 1 April 1962, was undisputed. That statement is not an independently reasoned transition, limitation or revival holding, and the judgment did not determine the eventual escaped-income amount (physical pages 4-6/SCR 707 E-G, 709 A-B).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The assessee's appeal was dismissed with costs. The High Court's rejection of the challenge to both notices stood; the Court neither quashed a notice nor ordered a fresh remand. The decision concerns the objections to proceeding, not the amount ultimately assessable in reassessment (physical page 6/SCR 709, final operative paragraph).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee appeal dismissed with costs; rejection of the challenge to both notices upheld

Reasoned procedural-jurisdiction ruling on the post-assessment voluntary-return objection and identification of the old-Act notice year

No quantified escaped-income determination, contested limitation computation, revival ruling or separately reasoned section 297 construction.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Build a chronology for each assessment year separately: completed assessment, subsequent return, statutory notice and any purportedly pending proceeding. Balchand turns on the completed assessment preceding the voluntary return. It should not be cited to justify ignoring a legally cognisable return pending before an initial assessment or to cure an independent defect in reopening jurisdiction. Its notice-year ruling also rests on the clear body of this notice and the assessee's express acknowledgement, not a general cure for wrong-year notices.

Niranjan & Co. later cited Balchand directly and held that a post-assessment voluntary return does not bar reopening if the other conditions are fulfilled. It separately examined whether the information supported the requisite belief and reserved the actual reassessed amount. This is confirmation with an important boundary: lack of a pending-return bar is not itself proof of every jurisdictional prerequisite (physical pages 7-10/SCR 922 G-H, 923 D-H, 924 F-925 G).

The government-hosted 2011 compilation records a later substituted section 139(5) and the replacement of section 147 from 1 April 1989. These historical provisions and footnotes are not the law applied in 1968 and do not certify present return-correction options. Likewise the retained section 297 text is contextual; it cannot turn Balchand's undisputed transition premise into a decided non-revival rule. Comprehensive later treatment, current law, complete statutory changes and 2025 mapping remain not verified.

Source: See the proposition-specific paragraph and PDF-page references below.

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 640 of 1966

Outcome: Dismissed with costs

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**1.****Topic:** Identity and separate dates/years of the two notices**Source url:** [Open cited source](#)**Pdf pages:** 1; 2**Paragraphs:** SCR 704 heading; 705 B-H**2.****Topic:** Ambiguous preamble, clear notice body and admission**Source url:** [Open cited source](#)**Pdf pages:** 3**Paragraphs:** SCR 706 A-D**3.****Topic:** Return provision and completed-assessment jurisdiction objection**Source url:** [Open cited source](#)**Pdf pages:** 3; 4**Paragraphs:** SCR 706 E-707 G**4.****Topic:** Earlier cases distinguished by absence of completed assessment**Source url:** [Open cited source](#)**Pdf pages:** 4; 5; 6**Paragraphs:** SCR 707 H-709 A**5.****Topic:** Undisputed transition premise and dismissal with costs**Source url:** [Open cited source](#)**Pdf pages:** 6**Paragraphs:** SCR 709 A-B and final operative paragraph**6.****Topic:** Direct later Balchand reliance, other conditions and quantum reservation**Source url:** [Open cited source](#)**Pdf pages:** 7; 8; 9; 10**Paragraphs:** SCR 922 G-H; 923 D-H; 924 F-925 G**Source role:** later judicial application**7.****Topic:** Later section 139(5) substitution history**Source url:** [Open cited source](#)**Pdf pages:** 692**Paragraphs:** Printed 1.651, subsection (5) and footnote 98

Source role: historical statutory change

8.

Topic: Later section 147 replacement history

Source url: [Open cited source](#)

Pdf pages: 720

Paragraphs: Printed 1.679, footnotes 71 and 74

Source role: historical statutory change

9.

Topic: Transition text for context, not an additional Balchand ratio

Source url: [Open cited source](#)

Pdf pages: 1004; 1005

Paragraphs: Printed 1.963-1.964, section 297(2)(d)(i)-(ii)

Source role: historical statutory context

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Section 297(2)(d) is checked only as historical statutory context; the judgment does not identify it by number or independently construe it.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

J.C. Shah, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961, section 148 notice jurisdiction; Indian Income-tax Act, 1922, sections 22(3), 23(3) and 34

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Asset id: 1986_1_916_925

Title: Niranjana & Co. P. Ltd. v. Commissioner of Income Tax, West Bengal-I & Ors.

Decision date: 1986-03-19

Classification: Express later application with preserved jurisdictional prerequisites

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10

Pinpoint: SCR 922 G-H; 923 D-H; 924 F-925 G

Holding limit: Post-assessment voluntary return does not bar reopening if other conditions are fulfilled. New information/reason-to-believe requirements remain distinct; final reassessment quantum not decided.

Bounded check: verified only within explicit read bounds

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Indian Income-tax Act, 1922, sections 22(1)-(3), 23(3) and 34

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 6 PDF pages; SHA-256

8b3366b3ce97ebb9dc8ee0c62c9ade48c6d088411a92cfea0418a3b05768fe72. Original bytes preserved.

Open cited source rendition

full primary text read: True; all primary page images reviewed: True; source integrity verified: True; actual statutory scope verified: True; later treatment comprehensive: not_verified; current law status: not_verified; statutory mapping 2025: not_verified

Decision date, report citation, judges and author checked from source images. 1969 is the report year; catalogue INSC identifier is not separately authenticated.

The decision is dated 19 August 1968, although reported in 1969.; The first notice's preamble names two years, but its operative body specifies the year ending 31 March 1946. The Court relies on that clarity and the assessee's acknowledgement; this is not an unrestricted notice-defect cure.; The August 1959 return followed completed assessments. Do not label it a legally pending initial-assessment return.; The final transition competence statement is expressly undisputed. Section 297 is not named in the judgment, and no limitation/revival issue is adjudicated.; Niranjan applies Balchand only if other reopening conditions are fulfilled and preserves the distinction between notice jurisdiction and eventual tax quantum. Its own printed factual amount/date inconsistencies are not imported into this note.; The historical no-machinery observation is not a present-day denial of every statutory return-correction, rectification or other remedy.

The 24 June 1959 section 34 notice concerned AY 1945-46; the 14 March 1963 section 148 notice concerned AY 1946-47. Both years had already been assessed under section 23(3) of the 1922 Act.

Special-leave appeal from Madhya Pradesh High Court judgment dated 2 September 1965 in Miscellaneous Petition No. 92 of 1964.

STATUTORY SCOPE

No automatic Income-tax Act, 2025 crosswalk. Complete amendments, commencement, savings and case-specific present applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-05. not_verified. Bounded retained primary check verifies express reliance in Niranjan & Co. (1986), including the other-conditions and notice-jurisdiction-only limits. No exhaustive citator or current-law review was performed.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 6

SHA-256: 8b3366b3ce97ebb9dc8ee0c62c9ade48c6d088411a92cfea0418a3b05768fe72

later reported judgment bounded - PDF pages: 10

SHA-256: 0275a55cfc5ad3ea57ec034f69eed1ee80f9ad3274bb4449244b9e8609cadce5

official government hosted statutory compilation bounded - PDF pages: 1251

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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