

Jaipur Udyog Ltd. & Anr. v. Commissioner of Income-tax, Delhi, Rajasthan & Anr.

Civil Appeal No. 586 of 1967 / Civil Appeal No. 587 of 1967 / Civil Appeal No. 588 of 1967
[1969] 2 SCR 193 | 1968-09-24

Could the officer reject disputed carried-forward-loss claims in a provisional assessment under section 141 by applying sections 72 and 80, and could an invalid provisional assessment support the following year's section 210(3) advance-tax demand?

141(1) and (2) (historical provisional assessment) | 72(1) | 80 (historical text) | 210(3) (then amended advance-tax provision) | 139 (return) | 140A(1) (self-assessment payment) | 32(2), 73(2), 74(1) (allowances referred to through section 141(2))

Three judges | J.C. Shah, Acting C.J. | V. Ramaswami, J. | A.N. Grover, J.

Assessment years: 1963-64, 1964-65, 1965-66

Omitted section 141, provisional relief and complete appeal outcome

This judgment governs historical section 141 provisional assessment, later omitted with effect from 1 April 1971 as recorded in the retained 2011 compilation. It did not finally quantify or allow the company's carry-forward losses in regular assessment. All three appeals succeeded: both provisional assessments, the dependent advance-tax order and the 1963-64 penalty were set aside or quashed, with no order as to costs. Sections 80 and 210 later changed. Rajesh Jhaveri is comparison only, not direct citation treatment. Original PDF unchanged; comprehensive later treatment, current law and 2025 mapping remain not_verified.

01 FACTS OF THE CASE

Jaipur Udyog established a cement factory at Sawai Madhopur in 1953. It filed returns from 1954-55 onward, first under the 1922 Act and then under the 1961 Act. The losses/profits assessed for 1954-55 to 1959-60 differed from its returns and were in pending appeals. Regular assessments for 1960-61 through 1964-65 were not completed when the relevant High Court proceedings commenced (physical 2-3/SCR 194 G-195 D).

For 1963-64 the company returned profit of Rs. 74,52,402 and claimed set-off of Rs. 1,03,03,935 in prior-year losses. In a section 141 provisional assessment, the officer allowed only Rs. 39,89,731 as carried-forward loss, demanded Rs. 8,73,873 tax and imposed Rs. 87,387 penalty for non-compliance. Writ Petition 51 of 1964 challenged the demand on the footing that this summary procedure could not tax income beyond what the company admitted (physical 3/SCR 195 C-F).

For 1964-65 the company returned profit of Rs. 59,89,757, claimed Rs. 36,01,735 prior-year loss and paid Rs. 12,12,596.65 under section 140A(1). The officer's provisional assessment ignored the claimed deduction and demanded an additional Rs. 17,32,768.60; Writ Petition 26 of 1965 sought to quash the demand and restrain enforcement. For 1965-66 the officer used section 210(3) to demand Rs. 29,45,365.25 advance tax on the basis of that provisional assessment, leading to Writ Petition 67 of 1965. The High Court dismissed all three petitions; the company brought the three reported appeals (physical 3-4/SCR 195 G-196 C).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court treated section 141 as a mechanism for expediting tax collection on the return and accompanying accounts/documents. A provisional assessment was summary: the officer need not first give notice or hear the assessee, the amount did not bind either side in the regular assessment, payments would be adjusted after that assessment, and an appeal was expressly barred. The officer nevertheless had to apply the appropriate annual rate and the allowances specified by section 141(2), whether or not claimed (physical 4/SCR 196 C-G).

The Revenue accepted that disputed questions of law or fact could not be investigated provisionally, but argued that sections 72 and 80 confined carry-forward to losses already determined pursuant to a section 139 return. The Court acknowledged that requirement for carry-forward in regular assessment. It rejected the further inference that section 141(2) empowered the officer to adjudicate the company's disputed claim in the provisional proceeding. The mandatory allowance provision did not enlarge the summary jurisdiction granted by section 141(1) (physical 5-6/SCR 197 A-198 E).

Allowing the officer to decide disputed claims without an assured hearing and without appeal would erase the distinction between provisional and regular assessment. The prohibition did not depend on whether the question was difficult or easy. Section 141 called for provisional tax at the relevant rate on the taxable income admitted by the assessee, subject to the statutory allowances; it did not authorize rejecting a deduction because the officer considered it legally unjustified. A discrepancy between the return and accompanying documents could be clarified, but the resulting provisional assessment still had to rest on that material rather than a merits adjudication of the claim (physical 6-7/SCR 198 B-199 E).

The Court preserved the regular-assessment process. A taxpayer was not insulated from an appropriate penalty after regular assessment if the statutory requirements concerning concealment or inaccurate particulars were established. That possibility did not create jurisdiction to decide those matters in the provisional assessment. The company's disputed set-off claims for both 1963-64 and 1964-65 therefore could not be ignored in the way the officer had done; the Court did not adjudicate the ultimate amounts of those losses (physical 7/SCR 199 E-H).

Historical section 210(3), as inserted and modified by the enactments identified in the judgment, permitted advance tax to be based on a provisional assessment. But it presupposed a valid provisional assessment. Once the 1964-65 provisional assessment failed, it could not support the 1965-66 advance-tax demand. This was a dependent-demand holding in the then statutory framework, not a prohibition on every form of advance tax (physical 7-8/SCR 199 H-200 C).

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

03 JUDICIAL DECISION

All three appeals were allowed. The High Court's orders were set aside; the provisional assessments for 1963-64 and 1964-65 and the advance-tax order for 1965-66 were set aside. The 1963-64 penalty was also expressly quashed. There was no order as to costs in the Supreme Court appeals (physical 8/SCR 200 C-D).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Company and co-appellant on all challenged provisional/advance-tax orders and the associated penalty

Three appeals allowed; High Court orders, both provisional assessments and advance-tax order set aside; 1963-64 penalty quashed

Reasoned limits on provisional-assessment jurisdiction and dependent advance-tax demand decided; ultimate regular-assessment loss entitlements not decided

No final computation of carry-forward losses, regular tax liability or refund; no split opinion or remand direction stated.

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

05 AKHB REVIEW POINT

Identify the precise assessment machinery before importing a procedural limit. Jaipur Udyog concerns the old section 141 summary collection process, in which neither a hearing nor an appeal was assured. Its rule prevented that process from becoming a substitute for regular adjudication. It did not conclusively allow every loss in the company's returns, and the express quashing of the 1963-64 penalty should not disappear from a summary of the three appeals.

The retained government-hosted 2011 compilation records omission of section 141 by the Taxation Laws (Amendment) Act, 1970 with effect from 1 April 1971. It also records substitution of section 210 effective 1 April 1988 and changes to section 80's return requirement effective 1 April 1985 and 1 April 1989. These entries show why the historical ruling cannot be represented as an unchanged current section 141 or section 210 rule. They are selected historical text and editorial amendment notes, not an original-Gazette or complete current-law verification (compilation physical 421, 706, 839-840).

As a bounded later judicial comparison, Rajesh Jhaveri (23 May 2007) discusses the different versions of section 143(1), permitted apparent adjustments, the distinction between an intimation and a scrutiny assessment, and preservation of regular scrutiny/reassessment powers in the statutory setting before it. Its discussion at paragraphs 11-13 must not be treated as a direct application of Jaipur: it does not cite Jaipur and deals with a changed mechanism. Its ultimate decision allowed the Revenue's appeal on reopening after section 143(1) processing, without costs (physical 8-11 and 14/SCR 772-775 and 778). No direct later citation treatment of Jaipur is established by this bounded check. Comprehensive later treatment, current law and Income-tax Act, 2025 mapping remain unverified.

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.
Case number: Civil Appeals 586-588 of 1967 (common judgment; individual number-to-writ mapping not supplied)
Outcome: All allowed, with no order as to costs
2.
Case number: D.B. Civil Writ Petition 51 of 1964 / AY 1963-64
Outcome: High Court rejection and provisional assessment set aside; Rs. 87,387 default penalty expressly quashed
3.
Case number: D.B. Civil Writ Petition 26 of 1965 / AY 1964-65
Outcome: High Court rejection and provisional assessment set aside

4.

Case number: D.B. Civil Writ Petition 67 of 1965 / AY 1965-66

Outcome: High Court rejection and advance-tax order founded on invalid 1964-65 provisional assessment set aside

Costs: No order as to costs in the appeals

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, all appeals and earlier assessment background

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: SCR 193 heading; 194 E-195 D

2.

Topic: Two provisional assessments, tax demands, penalty and advance tax

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: SCR 195 D-196 C

3.

Topic: Summary character, no assured hearing, finality or appeal

Source url: [Open cited source](#)

Pdf pages: 4

Paragraphs: SCR 196 C-G

4.

Topic: Sections 72, 80 and 141(2); no merits adjudication of disputed loss

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: SCR 197 A-199 F

5.

Topic: Second-year invalidity and dependent advance-tax demand

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 199 G-200 C

6.

Topic: All operative orders and penalty quashed; no costs

Source url: [Open cited source](#)

Pdf pages: 8

Paragraphs: SCR 200 C-D

7.

Topic: Historical section 141 omission and sections 80 and 210 changes

Source url: [Open cited source](#)

Pdf pages: 421; 706; 839; 840

Paragraphs: Printed 1.380, 1.665, 1.798-1.799; section 141 omission note and footnotes 27 and 90

Source role: historical statutory change

8.

Topic: Later different summary-processing scheme and outcome

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10; 11; 14

Paragraphs: SCR 772-775, 778; paragraphs 11-13 and 18-20

Source role: later judicial comparison

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Historical section 141 was a non-appealable, summary provisional collection mechanism. Section 141(2) required specified allowance adjustments but did not authorize adjudicating disputed law or fact. The Court did not finally quantify permissible carry-forward losses.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

J.C. Shah, Acting C.J. (opinion attributed to Shah J. in the body)

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Asset id: 2007_7_765_778

Classification: Later statutory/judicial comparison, not direct citation treatment

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10; 11; 14

Holding limit: Changed section 143(1) machinery and preserved reassessment powers, not an unchanged section 141 rule.

Bounded check: verified only within explicit read bounds

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Indian Income-tax Act, 1922 (earlier returns and assessments only); Finance Act, 1963 (Act 13 of 1963) and Direct Taxes (Amendment) Act, 1964 (Act 31 of 1964), as identified for historical section 210(3)

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 8 PDF pages; SHA-256

10cb4f96ffeb520689241e2cf40719cb699feb944a9787db8e4a1fac2439ade. 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 verified on first-page image; 1969 is the report year. Catalogue INSC identifier is not independently printed or authenticated in this rendition.

Decision is 24 September 1968, report year 1969; heading identifies Shah as Acting C.J.; Frozen catalogue lists Appeal 586 only; full source lists Appeals 586-588. Do not invent their individual mapping to the three writs.; The physical 3 chart has 1960-61 loss Rs. 11,35,365; OCR can read an extra leading character. Earlier-year return/assessment differences are background, not adjudicated loss amounts.; The concluding paragraph separately quashes the 1963-64 penalty in addition to the two provisional assessments and advance-tax order.; Physical 8/SCR 200 A contains the awkward phrase provisionally assessed by way of regular assessment; no broader rule is inferred from that wording. The unambiguous holding requires a valid provisional assessment.; Section 141 was subsequently omitted and the related provisions changed. The 2011 compilation is historical; no complete current-law, later-treatment or 2025 mapping verification.; Rajesh Jhaveri is a later comparison under changed statutory machinery, not direct citation treatment of Jaipur.

Operative provisional assessments concern 1963-64 and 1964-65, and advance tax concerns 1965-66. Returned losses/profits and earlier assessment disputes from 1954-55 onward are background; their final amounts were not adjudicated here.

Three appeals from the Rajasthan High Court judgment dated 20 April 1965 in D.B. Civil Writ Petitions 51 of 1964, 26 of 1965 and 67 of 1965. The source does not separately match each Supreme Court number to a particular writ; none is invented.

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. Bounded web discovery and retained Rajesh Jhaveri comparison completed; no direct citation treatment of Jaipur established or claimed. No inference of unchanged current law or absence of overruling; later_treatment remains not_verified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 8](#)

SHA-256: 10cb4f96ffebe520689241e2cf40719cb699feb944a9787db8e4a1fac2439ade

[later reported judgment bounded comparison - PDF pages: 14](#)

SHA-256: 540d9cd29307dc1af558d0b0e6633429e2965e2af39edfb1e7c3b7e0f3842a1c

[official government hosted historical compilation bounded - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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