

Commissioner of Income-tax, Delhi (Central), New Delhi v. M/s. Singh Engineering Works (P) Ltd., Kanpur

Income-tax Reference Case No. 1 of 1969 / Income-tax Reference Case No. 2 of 1969

[1971] 1 SCR 769 | 1970-08-11

Can section 273 of the 1961 Act support penalty for untrue advance-tax estimates furnished under old section 18A when the old-year assessments were completed on or after 1 April 1962?

212 (historical estimate provision) | 257 | 273 (historical penalty provision) | 297(2)(g) | 271 and 297(2)(j) (Jain Bros. reasoning quoted)

Three judges | J.C. Shah, J. | K.S. Hegde, J. | A.N. Grover, J.

Assessment years: 1960-61, 1961-62

Historical transition; penalty power is not a new quantum finding

Two direct section 257 references, not Supreme Court appeals. The Court upheld availability of section 273 through section 297(2)(g); it did not independently retry the default or recalculate either penalty. The 2011 compilation records later section 212 omission and section 273's historical year limit. Related Varkey context is not direct treatment. Original PDF unchanged; comprehensive later treatment, current law and 2025 mapping are not verified.

01 FACTS OF THE CASE

The company was required by notices under section 18A(1) of the 1922 Act to pay advance tax of Rs. 3,17,077 for AY 1960-61 and Rs. 3,54,911 for AY 1961-62. It instead furnished estimates under section 18A(2), initially paying two instalments of Rs. 38,333 for the first year and three of Rs. 12,875 for the second. Revised estimates filed in March 1960 and March 1961 each stated tax of Rs. 1,80,000 on income of Rs. 4 lakh; the balances under those estimates were paid in time (physical 2/SCR 770 A-C).

The returns later declared income of Rs. 4,53,942 and Rs. 7,02,383 respectively. On 21 January 1963, the Income-tax Officer completed the two assessments at Rs. 5,35,000 and Rs. 8,99,029. Finding the estimates inaccurate and untrue and the explanations unsatisfactory, he imposed section 273 penalties of Rs. 13,700 and Rs. 12,342. The Appellate Assistant Commissioner rejected the penalty appeals (physical 2/SCR 770 C-E).

The Tribunal held that section 273 could not apply: without an express deeming provision, an old section 18A default was not a section 212 default, and section 297(2)(g) did not save the former proceedings. Conflicting High Court decisions led to two direct section 257 references to the Supreme Court. The Court's judgment concerns that legal objection, rather than a fresh evidentiary inquiry into either estimate or penalty calculation (physical 1/SCR 769 G-H; physical 2/SCR 770 E-G).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court identified the corresponding provisions. Old section 18A(9) permitted penalty for an estimate which the assessee knew or had reason to believe to be untrue. Under the new Act, historical section 212 governed an assessee's estimate and payment, while historical section 273 supplied the related penalty power (physical 2-3/SCR 770 G-771 A).

The decisive saving was section 297(2)(g). For an assessment for the year ending on 31 March 1962 or an earlier year, completed on or after 1 April 1962, penalty proceedings could be initiated and penalty imposed under the new Act. It was therefore wrong to read section 273's references to new-Act estimates in isolation from the express transition provision (physical 3/SCR 771 B-C; physical 4/SCR 772 B-C).

The Court adopted *Jain Bros. v. Union of India*, which had harmonised section 271 with the same saving for a default under old section 22(2). Once clause (g) governed, the reference in the new penalty provision to its corresponding new-Act obligation did not exclude an old-Act default. The quoted reasoning also drew on *Damodar Bhat's* construction of the separate recovery saving in clause (j): appropriate new provisions applied with the adaptations required by the saved proceeding, rather than every reference being applied literally (physical 3-4/SCR 771 C-772 B).

Both assessments here were completed after the statutory cutoff. The Court therefore held section 297(2)(g) clearly applicable and section 273 applicable with the necessary adaptations to penalty proceedings initiated under that saving. The judgment does not independently redetermine whether either estimate was knowingly untrue, compute a revised penalty, or pronounce on a new constitutional challenge (physical 4/SCR 772 B-C).

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

03 JUDICIAL DECISION

The Court answered the referred question in the affirmative and in the Commissioner's favour in the two reference cases. Section 273 could apply to these old-Act advance-tax defaults through section 297(2)(g). The Commissioner was entitled to costs in the Supreme Court. No separate quantum order, fresh factual finding or express remand appears in the disposition (physical 4/SCR 772 B-C).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Commissioner of Income-tax / Revenue on the statutory penalty power

Both direct reference cases disposed of by an affirmative answer in favour of the Commissioner, with costs

1961 Act transition and penalty applicability decided; the Court did not independently calculate the penalties or retry the underlying default facts

Confined to old-year assessments within section 297(2)(g), including the completion-date condition. Not a universal rule that later penalty provisions or later penalty rates apply to every earlier default.

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

05 AKHB REVIEW POINT

Separate the transition gateway from the elements and measure of penalty. Singh Engineering determines that the new statutory penalty machinery can reach the saved old-Act default; it does not dispense with proof of the relevant default or establish a universal assessment-date rule for the amount of penalty.

As related later context, Varkey Chacko (24 August 1993) distinguished who may impose a concealment penalty from the measure permitted by the law when the offending return was filed (physical 6-8/SCR 805-807). It discusses Jain Bros., not Singh Engineering, and concerns a different default and jurisdictional amendment. It is included to guard against overgeneralisation, not labelled as direct treatment of this judgment.

The retained government-hosted 2011 compilation records section 212's omission from 1 April 1988 and section 273(3)'s express application to AY 1988-89 and earlier, with cross-references read in their relevant-year versions. Its section 273 text reflects intervening amendments, not the original provision as applied here. The selected compilation pages are historical checks only; the original amending Gazettes, exhaustive later treatment, present applicability and any Income-tax Act, 2025 mapping remain unverified (compilation physical 842, 966-969 and 1004-1005).

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Income-tax Reference Case Nos. 1 and 2 of 1969

Outcome: Common question answered affirmatively for the Commissioner; Commissioner entitled to Supreme Court costs. No distinct per-reference costs order or one-hearing-fee limitation stated.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**1.****Topic:** Identity, two direct references, years, factual amounts and procedural route**Source url:** [Open cited source](#)**Pdf pages:** 1; 2**Paragraphs:** SCR 769 heading/G-H; 770 A-G**2.****Topic:** Corresponding advance-tax provisions and section 297 saving**Source url:** [Open cited source](#)**Pdf pages:** 2; 3**Paragraphs:** SCR 770 G-771 C**3.****Topic:** Jain Bros. reasoning and operative 1961 applicability holding**Source url:** [Open cited source](#)**Pdf pages:** 3; 4**Paragraphs:** SCR 771 C-772 C**4.****Topic:** Both references answered for Commissioner; costs**Source url:** [Open cited source](#)**Pdf pages:** 4**Paragraphs:** SCR 772 B-C**5.****Topic:** Related later context: penalty authority versus measure, not direct Singh treatment**Source url:** [Open cited source](#)**Pdf pages:** 6; 7; 8**Paragraphs:** SCR 805-807**6.****Topic:** Historical section 212 omission and section 273 changes and year limit**Source url:** [Open cited source](#)**Pdf pages:** 842; 966; 967; 968; 969**Paragraphs:** Printed 1.801 and 1.925-1.928**Source role:** historical statutory context**7.****Topic:** Section 297 historical savings structure**Source url:** [Open cited source](#)**Pdf pages:** 1004; 1005**Paragraphs:** Printed 1.963-1.964

Source role: historical statutory context

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

The Court itself applies sections 297(2)(g) and 273 of the 1961 Act to defaults involving old-Act advance-tax estimates. Section 271 and recovery clause 297(2)(j) occur in the adopted reasoning by analogy, not as the operative penalty/recovery orders here.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A.N. Grover, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961; Indian Income-tax Act, 1922 (underlying advance-tax estimates)

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Title: Varkey Chacko v. Commissioner of Income Tax

Asset id: S 1993 1 800 807

Decision date: 1993-08-24

Classification: Related later context only; no direct citation of Singh Engineering

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Pinpoint: SCR 805-807

Holding limit: Authority and measure separated for concealment penalty; not an overruling or direct treatment finding.

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Indian Income-tax Act, 1922, sections 18A(1), 18A(2) and 18A(9); Indian Income-tax Act, 1922, sections 22(2) and 28(1) (within the quoted Jain Bros. discussion)

SOURCE & VERIFICATION

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

Identified source rendition: 4 PDF pages; SHA-256

12e004cc9ed4b1aaf7d1230b3d5fa5c384a95ee3cc1f074d0c767d657f1b36af. Original bytes preserved. Headnote physical 1/SCR 769 through F; two direct references, section 257 recital and counsel at SCR 769 G-H. Grover opinion physical 2/SCR 770 A through physical 4/SCR 772 B-C. One opinion answering both references; no adjacent judgment or separate opinion.

[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 dated 11 August 1970; 1971 is the report year. Catalogue identifier 1970INSC153 is not printed or independently authenticated in this rendition.

Frozen catalogue lists only Reference Case 1/1969; the primary caption expressly contains Cases 1 and 2. Generic appellate/counsel labels do not convert the direct section 257 references into appeals.; Headnote pinpoint 722 B-C is a printing error; the operative conclusion is at physical 4/SCR 772 B-C.; The verbatim referred question is not set out in the judicial body. Its substance and affirmative answer are reported without inventing wording or individual year-to-reference allocation.; The Rs. 13,700 and Rs. 12,342 figures are the Income-tax Officer's recorded penalties; they are not fresh amounts assessed or recalculated by the Supreme Court.; Varkey's preliminary narrative contains a section 276 slip, while its statutory quotation and holding concern section 271/274. The related source's headnote and body also differ on the March 1974 penalty-order date; neither discrepancy supports a proposition in this note.; 2011 statutory compilation only; no present effectiveness claim or automatic 2025 crosswalk.

Both assessments completed on 21 January 1963. The judgment does not map each numbered reference separately to its assessment year, so no such mapping is invented.

Two direct references under section 257 from the Allahabad Bench of the Tribunal, R.A. Nos. 1253 and 1254 of 1967-68, arising from I.T.A. Nos. 13922 and 13923 of 1965-66. They are not Supreme Court appeals, notwithstanding the reporter's generic appellate-jurisdiction and counsel labels. The exact question is described but not reproduced verbatim in the judicial body.

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 primary context: Varkey Chacko was fully read and does not cite Singh Engineering. A limited name/citation search did not authenticate direct later Supreme Court treatment; this is not a negative citator result. A Harton mirror lead could not be fetched as full text and is not relied upon. Comprehensive treatment remains not_verified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 4](#)

SHA-256: 12e004cc9ed4b1aaf7d1230b3d5fa5c384a95ee3cc1f074d0c767d657f1b36af

[later related judgment bounded - PDF pages: 8](#)

SHA-256: 6cd58d8d711b88613c7a5c889357d70c747f081416aa999984116ed1a9b85faf

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

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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