

## Beharilal Ramcharan v. Income-tax Officer, Special Circle B Ward, Kanpur and Another

Civil Appeal No. 2367(NT) of 1976

[1982] 1 SCR 1 | 1981-07-21

**Whether a garnishee's competent accountant could support its objection on oath, and whether personal liability could be imposed by declaring that statement false without notice, disclosure of relied-on evidence and a fair inquiry; the separate challenge to an unspecified amount in the initial notice was also considered.**

226(3)(i), (iv), (vi), (viii) and (x) (historical garnishee scheme, especially sworn objection and default) | 222–225 (recovery route mentioned in quoted clause (x) and procedural history)

3-judge bench | P.N. Bhagwati, J. | A.P. Sen, J. | E.S. Venkataramiah, J.

Assessment years: See the source-scope notes; no year inferred.

### Partial garnishee relief; fresh inquiry remains open

The initial 21 May 1966 notice survived. Only the later personal-liability/default notices were quashed for denying a fair inquiry after a competent sworn objection. The Revenue may still prove material falsity and a definite debt in a lawful fresh inquiry, subject to the statutory liability cap. Whether every initial notice must specify a debt amount was left open. No finding of no debt, permanent recovery immunity, current-law certification, comprehensive later treatment or 2025 mapping is established.

### 01 FACTS OF THE CASE

The appellant partnership, bankers and cloth dealers, maintained a running account with B.R. Sons Limited. A notice dated 21 May 1966, served on 24 May, sought payment under section 226(3)(i) of money due to or held for the company, up to its stated tax, super-tax and penalty arrears of Rs.22,89,281.97. The firm objected that the company instead owed it Rs.76,436.23. At the Officer's request it submitted its accountant's sworn affidavit, dated 22 December 1966, supporting that account position (physical pages 3–4).

The Officer relied on discrepancies between seized Hindi, Muriya and English account books concerning alleged payments of Rs.8,69,000 to the company. By his notice of 31 December 1966 he treated the affidavit as materially false and the firm as personally liable; on 11 January 1967 he treated it as an assessee in default and initiated coercive recovery. The Tax Recovery Officer attached immovable property and began sale-proclamation steps. The High Court rejected the challenge to the initial notice and the firm's affidavit objection, but quashed the recovery proceedings for absence of the section 222 certificate it considered necessary. The firm appealed by certificate from the High Court's judgment of 20 May 1971 (physical pages 4–6).

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

## 02 DISCUSSION BY THE HON'BLE COURT

The Court separated the initial notice from the later personal-liability determination. It expressly left open whether section 226(3)(i), correctly construed with the other clauses, invariably required specification of the particular debt owed by the garnishee. On these facts the omission did not invalidate the notice: the firm understood it, answered on the merits and supplied an affidavit without complaining of vagueness; the later letter also identified the alleged credit balance. This is a fact-specific absence-of-prejudice conclusion, not a general holding that every unquantified notice is valid (physical pages 8–9/SCR 8 D–9 C).

Section 226(3)(vi) did not require the statement on oath to be personally sworn by a partner. The objection had to be the notified party's objection, but a competent person could support it on oath. This accountant knew the account position, referred both to his knowledge and the account books, and filed the affidavit on the firm's behalf. The statutory requirement was therefore met. A bare objection unsupported by the required sworn statement is not equated with this case (physical pages 9–10).

Once the garnishee properly objected on oath that the demanded money was not due or held, clause (vi) relieved it of the demand unless the statement was discovered to be materially false. That discovery was a quasi-judicial determination carrying personal liability, not the Officer's subjective conclusion. The Officer had to give notice, conduct a fair inquiry, disclose the evidence or material relied on, identify the material falsity and establish what definite amount was actually due. The burden of demonstrating those matters lay on the Revenue. Any personal liability was limited to the garnishee's own liability to the assessee at the statutory date or the assessee's tax liability, whichever was less (physical pages 10–11/SCR 10 D–11 E).

The 31 December notice already embodied the adverse decision. Giving reasons for it did not substitute for a prior opportunity to contest the reasoning and evidence. After receipt of the affidavit the Officer had held no inquiry, gave no such opportunity and did not determine the precise debt. Both later notices were accordingly invalid (physical pages 11–12).

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

## 03 JUDICIAL DECISION

The appeal was dismissed insofar as it challenged the notice of 21 May 1966, but allowed regarding the notices of 31 December 1966 and 11 January 1967, which were quashed. The Court expressly permitted a fresh inquiry consistent with natural justice into the accountant's statement and the definite amount, if any, due on 24 May 1966. If the Revenue discharged its burden, personal liability and subsequent default proceedings could follow. Because each side partly succeeded and partly failed, each was directed to bear and pay its own costs throughout (physical pages 12–13/SCR 12 G–13 C).

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

**04 OUTCOME / IN WHOSE FAVOUR**

In whose favour: Garnishee-appellant partly; Revenue retained the initial notice and right to a lawful fresh inquiry

Appeal partly allowed: initial 21 May 1966 notice survives; 31 December 1966 and 11 January 1967 notices quashed; fresh inquiry expressly reserved; each party bears its own costs throughout

Final procedural and statutory ruling; no final determination that the garnishee owed no money or that the affidavit was true

Competent sworn objection and case-specific notice-prejudice findings under section 226(3); the general amount-specification issue was left open, and underlying account liability remains for a lawful inquiry.

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

**05 AKHB REVIEW POINT**

The useful distinction is between proof of a debt and the procedure that makes a garnishee personally liable for someone else's tax. This decision protects a properly supported sworn objection without making the affidavit unchallengeable. The authority must prove material falsity and a definite debt through a fair process; the garnishee cannot treat the quashing as a permanent immunity from recovery.

Do not restate the High Court's certificate ruling as the Supreme Court's universal recovery rule. A bounded comparison with the Department of Revenue-hosted 2011 compilation, physical pages 852–854, shows a later allocation of section 226 powers between the Assessing Officer and Tax Recovery Officer while retaining the displayed sworn-objection and capped-liability language. That later compilation is not verification of the law applicable today or a substitute for checking the relevant statutory version.

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

**PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**

1.

**Topic:** Actual date, case identity and certificate appeal

**Source url:** [Open cited source](#)

**Pdf pages:** 1; 3

**Paragraphs:** SCR 1 heading; 3 C–D

**Source role:** reported metadata and judicial text

2.

**Topic:** Initial notice, competing account positions and affidavit

**Source url:** [Open cited source](#)

**Pdf pages:** 3; 4; 5

**Paragraphs:** SCR 3 D–5 C

**Source role:** judicial text

3.

**Topic:** High Court's limited relief and actual Supreme Court issue

**Source url:** [Open cited source](#)

**Pdf pages:** 5; 6

**Paragraphs:** SCR 5 D–6 H

**Source role:** judicial text

4.

**Topic:** Historical statutory scheme and initial-notice reservation

**Source url:** [Open cited source](#)

**Pdf pages:** 7; 8; 9

**Paragraphs:** SCR 7 B–9 C

**Source role:** judicial text

5.

**Topic:** Competence of accountant and sufficient sworn objection

**Source url:** [Open cited source](#)

**Pdf pages:** 9; 10

**Paragraphs:** SCR 9 C–10 D

**Source role:** judicial text

6.

**Topic:** Burden, hearing, evidence disclosure, definite debt and liability cap

**Source url:** [Open cited source](#)

**Pdf pages:** 10; 11

**Paragraphs:** SCR 10 D–11 E

**Source role:** judicial text

7.

**Topic:** Denied opportunity and invalid later notices

**Source url:** [Open cited source](#)

**Pdf pages:** 11; 12

**Paragraphs:** SCR 11 F–12 F

**Source role:** judicial text

8.

**Topic:** Partial result, fresh-inquiry reservation and exact costs

**Source url:** [Open cited source](#)

**Pdf pages:** 12; 13

**Paragraphs:** SCR 12 G–13 C

**Source role:** judicial text

9.

**Topic:** Later statutory recovery allocation and sworn-objection comparison**Source url:** [Open cited source](#)**Pdf pages:** 852; 853; 854**Paragraphs:** Section 226(1), (1A), (3)(i), (vi) and (x), with separate editorial footnotes**Source role:** bounded later statutory comparison

## JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

P.N. Bhagwati, J.

## ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961: section 226(3), garnishee recovery and sworn objections

## OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Income-tax Act, 1961, Second Schedule, rule 48 (attachment in the case history); Principles of natural justice governing the quasi-judicial inquiry under section 226(3)(vi)

## SOURCE & VERIFICATION

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

Identified source rendition: 13 PDF pages; SHA-256

a7874f3b070d7af95f09c5332ea9db9eb2d4db03de8cfbe6c1fa697399fc9843. Original bytes preserved.

Unnumbered judicial body begins physical page 3/SCR 3 D and ends physical page 13/SCR 13 C. Pages 1–2 and opening page 3 are editorial headnotes, followed by appellate metadata. No neighbouring judgment.

[Open cited source rendition](#)

The first-page headnote inaccurately suggests the initial notice specified a Rs.76,000-odd debt from the firm to the assessee. The judicial body says that figure was the firm's claimed debit balance against the company; the initial notice specified the company's tax arrears, not a definite garnishee debt.; The judgment expressly reserves the general legal requirement to quantify the garnishee debt in an initial section 226(3)(i) notice. Its no-prejudice conclusion is limited to this record.; An accountant's affidavit qualifies because this deponent was competent and the firm filed it in support of its own objection; the ruling does not validate every affidavit from any employee.; No final truth finding on the affidavit, debt amount or underlying tax liability is made. The fresh-inquiry reservation and Revenue's burden are essential.; Physical page 4 contains an apparent printed "section 26(3)" slip. The opening, complete statutory quotation and holding consistently identify section 226(3).; The underlying assessment years are unspecified. Date 21 July 1981 is verified from the report heading, despite the 1982 report/asset year.

No assessment year for B.R. Sons Limited's underlying tax arrears is specified in the judicial body. The operative events are the 1966–1967 garnishee notices and account position on 24 May 1966; no year is inferred.

## STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 and no present-law certification. Identify the applicable statutory version and procedural route separately.

## LATER TREATMENT

Source checked 2026-10-04. not\_verified. Bounded later statutory comparison: Department of Revenue-hosted 2011 compilation, physical pages 852–854, section 226(1), (1A) and (3), with editorial history separately identified. No authenticated later judicial treatment is relied on and no comprehensive citation search, current-law validation or 2025 mapping is claimed.

**IDENTIFIED SOURCE LINKS**

[reported judgment - PDF pages: 13](#)

SHA-256: a7874f3b070d7af95f09c5332ea9db9eb2d4db03de8cfbe6c1fa697399fc9843

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

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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