

P. Jayappan v. S.K. Perumal, First Income-tax Officer, Tuticorin

Special Leave Petition (Criminal) No. 1923 of 1984

[1985] 1 SCR 536 | 1984-08-17

Whether four prosecutions for alleged tax evasion, false returns and false evidence had to be quashed as premature merely because reassessment proceedings were still pending, and how relevant later tax findings, statutory bars and discretionary adjournments qualified that answer.

276C and 277 (prosecution provisions as quoted) | 279, including 279(1A) (institution, statutory bar and compounding) | 273A(1)(ii) (reduction or waiver relevant to section 279(1A)) | 271(1)(c) and clause (iii) of section 271(1) (concealment-penalty context) | 132 (search background)

Three-judge bench | O. Chinnappa Reddy, J. | A.P. Sen, J. | E.S. Venkataramiah, J.

Assessment years: 1977-78, 1978-79, 1979-80, 1980-81

Pendency alone is no bar; proof, statutory protection and stay discretion remain

Jayappan upheld institution of four prosecutions while reassessments were pending; it did not decide guilt. Every offence ingredient still required independent proof, relevant later tax findings had to receive due regard, actual qualifying section 273A relief could engage the section 279(1A) bar, and section 309 allowed a judicially justified adjournment for an imminent relevant decision. It is not an automatic-conviction or blanket no-stay rule. Comprehensive later treatment, current procedural law and 2025 mapping are not verified.

01 FACTS OF THE CASE

Jayappan, proprietor of M/s Ratnam Food Stuff Co., filed an AY 1977-78 return on 20 January 1978 showing income of Rs.13,380, which was accepted. A section 132 search on 20 and 21 August 1981 produced account books and documents alleged to disclose suppressed purchases and undisclosed transactions. For the first year the filed account showed chicory-seed purchases of Rs.65,797, against Rs.2,15,729 in the seized accounts. These allegations supplied the basis of a complaint under sections 276C and 277 and IPC sections 193 and 196 before the Additional Chief Judicial Magistrate (Economic Offences), Madurai; this decision did not adjudicate guilt (physical page 3).

Three further complaints alleged the same offences for AYs 1978-79, 1979-80 and 1980-81. Four applications under CrPC section 482 sought quashing because the reassessments remained incomplete. The Madras High Court dismissed all four by separate orders dated 19 June 1984. The report lists Crl. Misc. Petition Nos. 8164/83, 8168, 8166 and 8170/83, and records one SLP (Criminal) 1923/1984 challenging those four orders (physical pages 3-4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court found no rule requiring completion of reassessment before institution of these prosecutions. The historical section 279 requirement concerning the Commissioner was not disputed in this case, and no other legal bar was urged beyond the prospect of future exoneration. A hope of success in an assessment, appeal or reference did not itself prevent institution of a criminal case (physical pages 5–6).

That conclusion did not make assessment findings a substitute for criminal proof. Every ingredient of the offence had to be established, and the criminal court had to decide independently on its evidence. It must nevertheless give due regard to relevant orders under the Act and, in an appropriate case, may drop the prosecution in light of a favourable tax finding. The Court explained Uttam Chand on that basis and expressly rejected any implication that losing before the tax authorities automatically produces conviction (physical page 6/SCR 541).

The Court approved the maintainability approach in Tetu Ram Raungi Ram and rejected the contrary view in Jyoti Prakash Mitter. Section 279(1A) did create a statutory bar where the specified penalty had actually been reduced or waived by a section 273A order. The mere possibility of such an order, or pending penalty proceedings alone, did not activate that bar or require the prosecution to await their completion (physical pages 6–8).

The criminal court also retained judicial discretion under CrPC section 309 to adjourn or postpone when a relevant tax decision was imminent, so that it could consider that decision. The discretion must not frustrate the criminal proceedings; there was no rigid obligation to wait indefinitely or for an unduly long period merely because another proceeding was pending. This scheduling question was distinct from initial maintainability (physical page 8).

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

03 JUDICIAL DECISION

The Court held that pending reassessment did not bar institution of the prosecutions or make them an abuse of process in these circumstances. It upheld the refusal to quash the four cases and dismissed the special-leave petition. It did not convict the petitioner or finally determine the reassessments. The dispositive order contains no express costs direction (physical page 8/SCR 543 D–E).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue/prosecution on the premature-prosecution objection

SLP (Criminal) No. 1923 of 1984 dismissed; High Court refusal to quash all four prosecutions stands; no express costs order reported

Reasoned maintainability ruling at special-leave stage; allegations and criminal guilt remain for competent adjudication

Pending reassessment alone is no bar. Independent proof, relevant later tax findings, actual section 273A reduction/waiver engaging section 279(1A), and judicial section 309 scheduling discretion remain material.

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

05 AKHB REVIEW POINT

Keep four questions separate: may the prosecution begin, is there an operative statutory bar, should its hearing briefly await an imminent relevant decision, and can the offence ultimately be proved? Jayappan answers the first against a pendency-only objection while expressly preserving the other inquiries. Neither automatic conviction after an adverse assessment nor a blanket prohibition on stays follows.

A bounded direct later check of Bhupen Champak Lal Dalal (27 February 2001), read in full over four pages, confirms the practical distinction. It cites Jayappan's no-bar and no-undue-delay principles, yet refuses to interfere with an interim stay where the appellate tax result had a definite bearing on the criminal cases and quashing was not sought (physical pages 3–4). This is a case-specific later application, not a certification of every modern prosecution or stay rule.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Reported date, bench and petition identity

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: SCR 536 heading; 538 B–C

Source role: reported metadata and judicial text

2.

Topic: Four years, allegations, four High Court orders and single SLP

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: SCR 538 C–539 C

Source role: judicial text

3.

Topic: Offence provisions and no reassessment-completion prerequisite

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: SCR 539 D–541 A

Source role: judicial text

4.

Topic: Commissioner requirement, later tax findings and independent criminal proof

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: SCR 541 A–H

Source role: judicial text

5.

Topic: Actual reduction/waiver bar versus possible future relief

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 542 A–543 A

Source role: judicial text

6.

Topic: Section 309 discretion and exact dismissal

Source url: [Open cited source](#)

Pdf pages: 8

Paragraphs: SCR 543 B–E

Source role: judicial text

7.

Topic: Later direct application preserving a case-specific interim stay

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: SCR 180 B–181 B

Source role: bounded later judicial treatment

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

E.S. Venkataramiah, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961; Code of Criminal Procedure, 1973; Indian Penal Code, 1860 (historical provisions)

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Code of Criminal Procedure, 1973: sections 482 and 309; Indian Penal Code, 1860: sections 193 and 196; Constitution of India: Article 136

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 8 PDF pages; SHA-256

f24f235cc1ec79a214569198c1a016ab291c829dff811e763552b4e68048fec8. Original bytes preserved.

Unnumbered judicial order begins physical page 3/SCR 538 C and ends page 8/SCR 543 E. Pages 1–2 and opening page 3 are editorial headnotes, followed by appellate metadata. No neighbouring judgment.

Open cited source rendition

The formal source records a special-leave petition, not a Criminal Appeal 1923/1984 as suggested by catalogue metadata. Its reasoned judicial order covers four prosecutions and four High Court orders.; The reassessment and search assertions are prosecution allegations in this procedural decision, not findings of criminal guilt.; The source's first-page headnote contains apparent section-number slips. The judicial body consistently identifies sections 276C and 277 and controls this note.; The section 279 Commissioner requirement was not challenged, not dispensed with. The actual section 273A reduction/waiver bar must be distinguished from a hoped-for favourable order.; The Court expressly preserves section 309 discretion and the possible significance of later favourable tax findings; a blanket no-stay or automatic-conviction summary would be materially wrong.; The decision date is printed in the original report heading as 17 August 1984; the SCR volume and asset year are 1985. No express costs direction is reported.

Four prosecution complaints concern these four years. The report describes the first year's return in detail and identifies the three succeeding years; it does not allocate each High Court petition number to a particular assessment year.

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. Actual bounded direct treatment check: Bhupen Champak Lal Dalal, [2001] 2 SCR 178, all four physical pages, especially direct discussion of Jayappan at page 3/SCR 180 G–H and case-specific interim-stay disposition at page 4/SCR 181 A–B. No comprehensive later-citation research, present criminal-procedure crosswalk or 2025 tax mapping.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 8

SHA-256: f24f235cc1ec79a214569198c1a016ab291c829dff811e763552b4e68048fec8

later judgment bounded check - PDF pages: 4

SHA-256: ac828c9df045076b21f502f33d137ccc52afb1da8b3a0d1a02980b5f86c9e646

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