

Commissioner of Income Tax, Andhra Pradesh v. M. Chandra Sekhar

Civil Appeal Nos. 1299 to 1303 of 1973

[1985] 2 SCR 215 | 1984-12-04

Whether, on these facts and under the historical section 139 scheme, interest charged up to filing justified a presumption of an authorised extension, and whether returns filed within that extended time attracted section 271(1)(a) penalty.

139(1) and its then proviso, clauses (i)–(iii) (extension and interest) | 271(1)(a) (then failure-to-file penalty) | 139(2), (4) and (8) (historical scheme and distinction) | 256(1) (reference route)

Two-judge bench | V.D. Tulzapurkar, J. | R.S. Pathak, J.

Assessment years: 1959-60, 1960-61, 1961-62, 1962-63, 1963-64

Historical extension case; interest is not a universal penalty shield

This is a fact-sensitive application of the old section 139(1) extension scheme and section 271(1)(a), not current return-filing procedure. These returns were treated as filed within extended time, expressly not under section 139(4). The later Ganesh Dass decision confirms that section 139(4) interest could arise without an extension application. Charging interest alone does not universally cancel penalties. Comprehensive later treatment, current-law status and 2025 mapping are not verified.

01 FACTS OF THE CASE

The assessee, a partner in M/s Manik Rao & Brothers, filed voluntary returns for AYs 1959-60 through 1962-63 on 2 August 1963, and for AY 1963-64 on 2 August 1964. The Income-tax Officer imposed late-filing penalties. The assessee argued both that the returns were within the four-year period described in then section 139(4), and that the levy of interest under clause (iii) of the proviso to section 139(1) precluded the penalties. The Appellate Assistant Commissioner rejected both arguments (physical page 3/SCR 217).

The Tribunal found that the assessee had supplied reasons for the delay in connection with interest and penalty, and that interest had been charged up to the actual filing dates. On the record it presumed that the Officer had regularly exercised the power to extend time after being satisfied with those reasons, and cancelled the penalties. The Andhra Pradesh High Court approved that approach on a section 256(1) reference. The Revenue brought five appeals from the High Court judgment of 3 February 1972 in Case Referred No. 61 of 1970 (physical pages 3–4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court analysed the historical scheme for voluntary returns, returns following notice, and belated returns. Under the then proviso to section 139(1), the Officer could extend time on an application in the prescribed form. Specified extensions up to 30 September or 31 December, as applicable, did not attract interest; extensions beyond those dates attracted the interest described in clause (iii). The Court treated that interest as compensatory for the postponed payment of tax. It expressly noted that section 139(8), inserted in 1963, materially changed from 1 April 1971 (physical pages 4–6). These descriptions concern the statutory version being adjudicated.

The Revenue argued that an application and an actual extension had not been established. The Court upheld the fact-sensitive presumption drawn by the Tribunal and High Court. The Officer had statutory power to extend time; the record contained the assessee's reasons; and the Revenue made no attempt to show arbitrary action contrary to the statutory procedure. The Court held that an application, consideration and extension could validly be presumed in these circumstances (physical page 7). It did not create an irrebuttable inference from every interest charge.

Crucially, the Court attributed these returns to section 139(1) with an extension, not to section 139(4). It therefore distinguished the cited section 139(4) cases and the 1922 Act section 22(3) decision in Kulu Valley Transport. For section 271(1)(a), time added through the authorised extension was part of the statutory time allowed for filing. Since the returns fell within that time, the relevant penalty provision did not arise at all (physical pages 7–9).

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

03 JUDICIAL DECISION

The Court agreed with the High Court on both reference questions. Civil Appeal Nos. 1299 to 1303 of 1973 were dismissed with costs; cancellation of the penalties stood (physical page 9/SCR 223 G).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

All five Revenue appeals dismissed with costs; both reference answers and cancellation of penalties upheld

Final reasoned holding on the historical extension presumption and section 271(1)(a) consequence

Fact-sensitive section 139(1) extension case, expressly distinguished from section 139(4); no universal incompatibility between interest and penalty and no present-day extension procedure.

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

05 AKHB REVIEW POINT

Start with the exact statutory period and the legal character of the return. The operative chain here was an extension validly inferred from the record, a return within that extended period, and therefore no failure to file within the time allowed. Merely paying interest is not a general substitute for obtaining time, nor does every interest charge extinguish a penalty.

A bounded direct later check of Ganesh Dass Sreeram (30 October 1987), physical pages 6–8, expressly limits Chandra Sekhar's extension observation to section 139(1): section 139(4) could itself support interest even without an extension application. The government-hosted 2011 compilation also displays a later section 139(8) regime expressly addressing interest whether or not time was extended, with its own historical assessment-year limitation (physical pages 693–694). These checks reinforce the need to avoid presenting the 1984 reasoning as current filing procedure.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Reported identity and date; five appeals

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: SCR 215 heading; 217 A–C

Source role: reported metadata and judicial text

2.

Topic: Five years, filing dates and appellate history

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: SCR 217 E–218 E

Source role: judicial text

3.

Topic: Historical return, extension, interest and changed section 139(8) scheme

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: SCR 218 F–220 H

Source role: judicial text

4.

Topic: Record-based presumption and section 139(1), not 139(4)

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 221 A–222 D

Source role: judicial text

5.

Topic: Penalty text, extended time and costs

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 222 E–223 G

Source role: judicial text

6.

Topic: Later direct distinction of section 139(4)

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: SCR 694 D–696 C

Source role: bounded later judicial treatment

7.

Topic: Later historical section 139(8) framework

Source url: [Open cited source](#)

Pdf pages: 693; 694

Paragraphs: Section 139(8)(a)–(c); separate editorial amendment footnotes

Source role: bounded later statutory comparison

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.S. Pathak, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961 (historical return-extension and penalty provisions)

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Income-tax Rules: rule 13 and Form No. 6, as described in the judgment; Indian Income-tax Act, 1922: section 22(3), only to distinguish Kulu Valley Transport

SOURCE & VERIFICATION

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

Identified source rendition: 9 PDF pages; SHA-256

a33c797096791054312bd0b1ee16253192c8098f6c8890950be57931d169928a. Original bytes preserved.

Unnumbered judicial body begins physical page 3/SCR 217 C and ends page 9/SCR 223 G. Pages 1–2 are editorial headnotes; page 3 begins with appellate metadata. No neighbouring judgment.

[Open cited source rendition](#)

All five appeals and all five assessment years are preserved; early assessment years are not a reason to relabel this express 1961 statutory holding as exclusively 1922 law.; Page 3 has an apparent printed clause-reference slip in its narrative of penalty imposition. The questions, statutory quotation and reasoning at pages 3 and 8–9 establish section 271(1)(a); the slip is not adopted as a different penalty provision.; The report dates the decision 4 December 1984 on physical page 1, although its SCR volume and asset identifier begin 1985. No date is inferred from the asset year.; The presumption depends on the Tribunal's record findings and the historical statutory scheme; section 139(4), loss returns and revised returns are not the operative route.; Ganesh Dass is read only within the stated boundary; its separate registered-firm computation and constitutional outcomes are not incorporated into this note. The 2011 compilation is not current-law certification.

The judicial body expressly supplies all five years. The Court actually interprets and applies sections 139 and 271 of the 1961 Act even though some years predate its commencement. No separate section 297 transition ruling or year-by-year statutory crosswalk 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 direct citing-case check: Ganesh Dass Sreeram, physical cover page 1 and judicial pages 6–8/SCR 694–696. Bounded later statutory comparison: Department of Revenue-hosted 2011 compilation, pages 693–694, section 139(8)(a)–(c) and separately identified editorial history. No comprehensive citation history, current-law validation or 2025 mapping.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 9](#)

SHA-256: a33c797096791054312bd0b1ee16253192c8098f6c8890950be57931d169928a

[later judgment bounded check - PDF pages: 11](#)

SHA-256: 82b6e06cb5f6ac94c739b14f768661dd4d12de09066efbe165586cd3501e32a4

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

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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