

Niranjan & Co. P. Ltd. v. Commissioner of Income Tax, West Bengal-I & Others

Civil Appeal No. 967 of 1972

[1986] 1 SCR 916 | 1986-03-19

Whether a voluntary revised return received by the assessing officer after the original assessment, with materially unreconciled source-wise figures, furnished information supporting reopening under former section 147 despite the original assessment already accounting for construction profit.

147(b)

2-judge bench | R.S. Pathak, J. | Sabyasachi Mukharji, J.

Assessment years: 1962-63

Reopening jurisdiction upheld; no added-income finding or one-rupee rule

This AY 1962-63 ruling applies former section 147's information-based reopening scheme. The Court accepted that construction profit had already been assessed, but the later-received revised return contained source-wise figures not readily reconciled with the earlier accounts. The assessee's appeal was dismissed with unquantified costs; whether reassessment would increase income, even by Re 1, was expressly left undecided. Other statutory conditions remained necessary. Conflicting printed assessment dates and original-return figures are preserved below. Later treatment and present/2025 mapping remain unverified.

01 FACTS OF THE CASE

For AY 1962-63 the assessee filed its original return on 29 November 1962 with the balance sheet and profit-and-loss account. Construction profit of Rs 10,718.46 was omitted from the return's stated computation but appeared in the accounts and was actually considered in the original assessment. A revised return dated 2 August 1963 was received by the assessing officer on 3 December 1963, after completion of that assessment. It reported total income of Rs 12,797.65 and was not accompanied by fresh accounts. The printed report gives inconsistent November assessment dates and original-return figures; the material sequence is the officer's receipt of the revised return after assessment (physical pages 4–6/SCR 919–921).

The assessee contended that adding the earlier disclosed construction profit, after a Rs 18.07 adjustment, to the original Rs 2,096.26 figure produced Rs 12,796.65, only Re 1 below the revised total. But the revised return changed the components: business/professional loss of Rs 4,422.89 and other-source profit of Rs 6,519.15 became business/professional profit of Rs 7,461.42 and other-source profit of Rs 5,336.23. These figures did not readily reconcile with the original accounts without back-calculation. The assessee's writ challenge to the reopening failed before the single judge and Division Bench, producing this Supreme Court appeal (physical pages 5–7/SCR 920–922).

Source: [reported judgment / paragraphs Unnumbered judicial text; physical PDF pages are one-based / PDF pages 4, 5, 6, 7 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court accepted that the construction-profit item was already before the officer and taken into account; that item alone could not support reopening. It did not, however, treat the one-rupee total comparison as resolving the new source-wise discrepancies. The revised return supplied later information capable of supporting a reasonable belief that income had escaped or been underassessed (physical pages 6–7 and 9–10/SCR 921–922 and 924–925).

The Court separated former section 147(a), requiring the relevant failure or omission and its connection with escapement, from former section 147(b), permitting action on subsequent information even without the assessee's omission. A return before completion of assessment could not simply be ignored. A further voluntary return coming to the officer after completion did not by itself revise the concluded assessment or bar the statutory reopening process, provided its other conditions were met. Information had to be definite rather than conjectural, the belief held in good faith, and the reasons rationally connected to the statutory purpose. Their sufficiency was not for the court to reweigh. The Court's discussion of A. Raman concerned information obtained after assessment even if it might have been discoverable earlier; it was not an unlimited power to reopen on mere disagreement (physical pages 7–10/SCR 922–925).

The Court expressly confined the appeal to jurisdiction to issue the notice. Whether a properly conducted reassessment would produce more taxable income, only Re 1 more, or even less, was left for that process. The unreconciled information was enough for this jurisdictional decision; the judgment did not itself impose an addition or conclusively establish actual escaped income (physical pages 7 and 10/SCR 922 and 925).

Source: [reported judgment / paragraphs Unnumbered judicial text; physical PDF pages are one-based / PDF pages 6, 7 / judicial text](#); [reported judgment / paragraphs Unnumbered judicial text; physical PDF pages are one-based / PDF pages 8, 9, 10 / judicial text](#)

03 JUDICIAL DECISION

The assessee's appeal was dismissed with costs, affirming the Division Bench's rejection of the jurisdictional challenge. The reopening notice stood. No amount of costs was quantified, no reassessed income was fixed, and the Court made no fresh tax computation or remand order (physical page 10/SCR 925 D–G).

Source: [reported judgment / paragraphs Unnumbered judicial text; physical PDF pages are one-based / PDF pages 10 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue, on authority to reopen

Civil Appeal 967 of 1972 dismissed with costs; notice survives the jurisdictional challenge

Reasoned final ruling on information and reason to believe under former section 147; eventual reassessment quantum expressly undetermined

Neither every voluntary revised return nor a Re 1 difference automatically establishes reopening jurisdiction. The later information, unreconciled figures and statutory conditions were essential; tax merits remain open.

Source: [reported judgment / paragraphs Unnumbered judicial text; physical PDF pages are one-based / PDF pages 7, 10 / judicial text](#)

05 AKHB REVIEW POINT

Keep three questions separate: what the original assessment actually considered, what genuinely later information reached the officer, and what the eventual reassessment establishes. A nearly equal aggregate total does not necessarily reconcile materially different income components, but an already considered item alone was insufficient here. The decision turns on the later revised return in its particular evidentiary setting, not a universal one-rupee reopening rule.

For a historical file, distinguish the date written on a return from the date and route by which it reached the assessing officer, and preserve documentary discrepancies rather than choosing convenient dates or amounts. Apply the former clause (b) scheme only to its governing period; the Court's jurisdictional ruling is not a finding of additional tax liability.

Source: [reported judgment / paragraphs Unnumbered judicial text; physical PDF pages are one-based / PDF pages 4, 5, 6, 7, 8, 9, 10 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Costs: Assessee's appeal dismissed with costs; amount not quantified

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

147(a)

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Sabyasachi Mukharji, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

HISTORICAL STATUTORY VERSION AND TEMPORAL LIMITS

Operative scheme: Former section 147's distinct clauses (a) and (b), applied to AY 1962-63. The sustaining rationale is subsequent information giving reason to believe under the historical clause (b) route; clause (a) is explained and distinguished. The report calls the impugned notice a notice under section 147 and does not specify its issue date.

Source pin: Physical pages 4–10/SCR 919–925, especially pages 7–10.

Limit: The Court did not decide additional tax or whether the reassessment would increase income even by Re 1. No modern revised-return deadline, current information definition or 2025 mapping is supplied; 1922 Act cases are analogies, not the operative statute.

OTHER STATUTES AND THEIR CONTEXTUAL ROLE

Constitution of India, Article 226; Indian Income-tax Act, 1922, section 34: analogous precedent only

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 10 PDF pages; SHA-256

0275a55cfc5ad3ea57ec034f69eed1ee80f9ad3274bb4449244b9e8609cadce5. Original bytes preserved.

Editorial headnote occupies physical pages 1–3/SCR 916–918. Reported proceedings and the opening of the complete unnumbered Mukharji J. judgment appear on page 3/SCR 918; judgment ends on page 10/SCR 925. Assessee submissions, affidavit narrative and quoted precedent are separately attributed. No neighbouring judgment.

Open cited source rendition

Physical page 4/SCR 919 gives 27 November 1963 as the original assessment date; the recited officer's affidavit on page 5/SCR 920 gives 30 November 1963. Both precede the stated 3 December receipt of the revised return; neither date is silently substituted for the other.; The opening narrative gives Rs 2,092, the affidavit summary includes Rs 2,095.26 and Rs 2,096.26, and the detailed judicial reconciliation uses Rs 2,096.26. The note uses the latter only when describing that reconciliation and does not claim the report has one consistent original-return total.; The revised return is dated 2 August 1963, but the operative finding is its receipt by the assessing officer on 3 December 1963 after assessment. The date written on it is not treated as proof that the officer had it before assessment.; The reporter prints section 147(1)(b) in the A. Raman discussion on page 9; the note uses the judgment's former clause (b) framework without inventing a modern subsection or notice date.

STATUTORY SCOPE

Historical statutory scheme only. No automatic mapping to the Income-tax Act, 2025 or certification of present law.

LATER TREATMENT

Source checked 2026-10-04. Subsequent appeals, review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 10

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