

Central Provinces Manganese Ore Co. Ltd. v. Commissioner of Income Tax

Civil Appeal Nos. 1338 and 1340 of 1974

[1986] 3 SCR 140 | 1986-07-15

How denial of liability to interest under historical sections 139(8) and 215 differs from a claim for discretionary waiver or reduction for appeal/revision purposes, and whether revision could be maintained without first applying to the assessing authority for that relief.

139(8), historical text | 215, historical text | 246(c), historical text | 264

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

Assessment years: 1967-68

Historical interest remedies: liability, waiver and reserved appeal questions

The Court held that an assessment appeal could lie where liability to the interest levy was denied altogether, excluded discretionary waiver/reduction from historical section 246(c), and expressly left partial-liability appeals unresolved. Revision failed because no initial waiver/reduction application had been made; the Commissioner's whole-appeal-withdrawal reasoning was not adopted. No waiver was granted. The six-week liberty and old interest provisions are historical, and the 1991 reopening case is separate. Comprehensive later treatment and present-law/2025 mapping remain unverified.

01 FACTS OF THE CASE

The assessee was a sterling company exporting manganese from mines in Maharashtra and Madhya Pradesh. Under a June 1962 agreement most mines were transferred to Manganese Ore (India) Ltd. The case concerned AY 1967-68, for the previous year ending 31 December 1966. Interest of Rs. 56,391 was levied under section 139(8); section 215 interest of Rs. 9,42,336 was subsequently reduced to Rs. 5,07,880. The company said there was ample justification for its late return and advance-tax shortfall (physical pages 3–4 / SCR 142–143).

Its 22 March 1971 assessment appeal challenged both the total income and the interest. Advised that the interest grounds were not appealable, it also filed two section 264 revision petitions explaining the delay and underestimation. The Commissioner considered section 264(4)(b) to bar interference while the appeal was pending. The company therefore asked the Appellate Assistant Commissioner to permit withdrawal of the interest grounds. No specific order on that request appeared, but those grounds were not considered when the appeal was disposed of (physical pages 4–5).

On 15 October 1971, the Commissioner dismissed both revision petitions, taking the view that the entire appeal, including the income challenge, had to be withdrawn. The Bombay High Court's Nagpur Bench dismissed the writ petitions in limine on 24 April 1972. The Supreme Court considered two appeals, numbered 1338 and 1340 of 1974, against those dismissals (physical pages 3–5).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court set out the historical interest provisions and prescribed relief mechanisms. Section 139(8) charged interest for a late or missing return, with a power to reduce or waive it in prescribed circumstances; rule 117A(v) included sufficient cause preventing timely filing. Section 215 charged interest on the specified advance-tax shortfall, with prescribed reduction or waiver. Rule 40 included assessment delay not attributable to the assessee and circumstances considered sufficient by the Inspecting Assistant Commissioner (physical pages 5–7 / SCR 144–146).

The levies were compensatory, not penalties: the omission or default deprived the Revenue of the use of tax for the period it remained unpaid. Although sections 143 and 144 did not themselves impose the interest, the interest formed part of the process of assessing tax liability. It could therefore be disputed in an assessment appeal under historical section 246(c) where the assessee denied liability to that levy altogether (physical pages 7–8 / SCR 146D–147B).

The Court discussed National Products and Bhikhoobhai N. Shah, endorsing their common position but expressly declining to resolve their difference over an appeal disputing only partial liability to interest. The long National Products quotation includes broader language about partial liability; that embedded passage must not be represented as the Supreme Court deciding the reserved point. A request for waiver or reduction, conceding the jurisdictional basis of the levy but relying on mitigating circumstances, could not be pursued through section 246(c). Revision was the more appropriate route after the assessing authority had been asked to exercise its prescribed power (physical pages 8–9 / SCR 147–148).

On the record, the company had made no application to the Income-tax Officer for waiver or reduction. There was consequently no improper refusal of that relief to revise. The Court explained that the relevant authority could hear the assessee before imposing interest and that, if no opportunity had been given, the assessee could apply after the levy. It did not hold that every interest levy without a prior hearing was automatically void or that the existence of a waiver power itself established entitlement to relief (physical pages 9–10 / SCR 148G–149E).

Thus the Court affirmed the revision dismissals on a ground different from the Commissioner's pending-appeal reasoning. It did not adopt a blanket rule that the whole assessment appeal must always be abandoned to seek revision of interest relief. Under the historical provisions considered here, an assessee seeking discretionary waiver or reduction had first to put that case to the relevant assessing authority before seeking revision of an allegedly improper refusal.

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

03 JUDICIAL DECISION

The Commissioner's orders rejecting both revision petitions were affirmed, expressly on different grounds. The assessee was left free to apply to the Income-tax Officer for waiver or reduction under sections 139(8) and 215; if it applied within six weeks from 15 July 1986, the officer was to decide the applications expeditiously on their merits. Subject to those observations both appeals were dismissed, with no order as to costs. No waiver or reduction was itself granted (physical page 10 / SCR 149E–G).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on dismissal, with a limited procedural opportunity for the assessee

Both appeals dismissed subject to liberty to seek waiver/reduction within six weeks; revision rejections affirmed on different grounds; no order as to costs

Final interpretation of historical interest appeal/revision jurisdiction; no decision granting interest relief on its merits

Denial of the levy altogether distinguished from discretionary waiver/reduction. Partial-liability appellate dispute expressly left unresolved; no adoption of Commissioner's universal whole-appeal-withdrawal requirement.

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

05 AKHB REVIEW POINT

Classify the grievance before choosing a remedy. A contention that the jurisdictional condition for interest never arose differs from accepting that condition and asking for statutory leniency. In the latter situation the judgment required an initial application to the relevant assessing authority; explaining mitigation for the first time in revision did not cure that missing step. Keep the rule's prescribed grounds and supporting evidence separate from the bare claim that interest is unfair.

Do not quote the embedded High Court passages as if every sentence were adopted. The Supreme Court specifically reserved partial-liability appeals. Equally, the Commissioner's demand that the whole assessment appeal be withdrawn was a described ground below, while the Supreme Court sustained the result for failure first to seek waiver/reduction. The six-week opportunity was specific to this litigation and did not decide that waiver should be granted.

Bounded historical statutory check: the Department of Revenue-hosted 2011 compilation, physical page 694, section 139(8)(c), confines that subsection to AY 1988-89 and earlier; physical page 843, section 214(3), excludes sections 214–217 for AY 1989-90 onward. These later limits prevent presenting the judgment's 9% rate, 75% threshold or old waiver machinery as current rules. No automatic transfer to later interest or appeal provisions is made. This 1986 decision is distinct from the company's 20 August 1991 reopening decision. Comprehensive later treatment and present-law/2025 mapping remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date and two non-contiguous appeal numbers

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: Cover; SCR 142E–G

Source role: reported metadata

2.

Topic: Assessment year, amounts and procedural history

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Paragraphs: SCR 142H–144D

Source role: judicial text

3.

Topic: Historical statutory text and prescribed waiver grounds

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: SCR 144D–146C

Source role: judicial text

4.

Topic: Compensatory character and denial-of-liability appeal

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 146D–147B

Source role: judicial text

5.

Topic: Embedded authority and express reservation of partial liability

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 147B–148G

Source role: judicial text

6.

Topic: Prior application, different ground of affirmance and exact liberty/costs

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: SCR 148G–149G

Source role: judicial text

7.

Topic: Later temporal limit of old late-return interest

Source url: [Open cited source](#)

Pdf pages: 694

Paragraphs: Section 139(8)(c)

Source role: historical statutory context

8.

Topic: Later temporal limit of old advance-tax interest

Source url: [Open cited source](#)

Pdf pages: 843

Paragraphs: Section 214(3), referring also to sections 215–217

Source role: historical statutory context

RULES CONSIDERED

Income-tax Rules, 1962: rule 117A(v); Income-tax Rules, 1962: rule 40(1) and (5)

PROVISION-SPECIFIC SCOPE

1.

Section: 139(8) and 215

Role: Historical interest levies, compensatory character and prescribed waiver/reduction mechanism

2.

Section: 246(c)

Role: Appeal where liability to the interest levy is denied altogether, distinguished from waiver/reduction; partial-liability disagreement left unresolved

3.

Section: 264

Role: Revision not maintainable for alleged improper refusal of waiver/reduction before the assessee has first applied to the assessing authority

4.

Section: 264(4)(b)

Role: Commissioner's stated pending-appeal objection, not the Supreme Court's ground for affirming the dismissal

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.S. Pathak, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 10 PDF pages; SHA-256

52a1347dfc910c34bac4ab48be629d8a667b7a1acdce07c4fe2d717257653dea. Original bytes preserved.

Complete unnumbered judicial text from physical page 3 / SCR 142, beginning with Pathak J., through physical page 10 / SCR 149. Physical page 4 is image-only for this extraction and was fully visually read. Editorial headnotes and the embedded National Products quotation on pages 8–9 distinguished. No adjacent judgment.

[Open cited source rendition](#)

Complete reasons begin near the bottom of physical page 3; the first three pages include editorial headnotes and appeal metadata.; Physical page 4 / SCR 143 contains substantive facts but has no extractable text. It was fully read from the page image and a separate human transcription is retained for audit.; The catalogue gives only Appeal 1338/1974. The printed jurisdiction block verifies Appeals 1338 and 1340 of 1974, not a continuous 1338–1340 range.; The quoted National Products passage uses “penal interest” and refers to partial liability; the Supreme Court itself characterises these levies as compensatory and expressly leaves the partial-liability disagreement unresolved.; Revision rejection was affirmed on different grounds; the Commissioner's entire-appeal-withdrawal position must not be published as the Supreme Court's holding.; The six-week application window is historic and case-specific. The judgment granted no waiver on the merits.; The later 2011 compilation supports only the identified historic temporal limits, not a full current-law or amendment audit.; The 1991 Central Provinces Manganese reopening judgment is a different decision and is not merged with this note.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment search is certified. Any actually checked later judgment or historical statutory compilation is expressly identified and bounded.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 10](#)

SHA-256: 52a1347dfc910c34bac4ab48be629d8a667b7a1acdce07c4fe2d717257653dea

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

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.