

Gujarat Travancore Agency, Cochin v. Commissioner of Income-Tax, Kerala, Ernakulam

Civil Appeal Nos. 630–631 of 1975

[1989] 2 SCR 1000 | 1989-05-02

Whether the Revenue had to establish mens rea as an additional requirement before imposing the historical section 271(1)(a) penalties for delayed income-tax returns for AYs 1965-66 and 1966-67.

271(1)(a), historical late-return provision | 139(1) | 139(2), historical notices | 276C, historical criminal comparator as reproduced in the judgment

Two-judge bench | R.S. Pathak, C.J. | M.H. Kania, J.

Assessment years: 1965-66, 1966-67

Historical late-return penalty; reasonable cause remains distinct from mens rea

The Revenue did not have to prove mens rea for these AY 1965-66 and 1966-67 section 271(1)(a) penalties, but the Court expressly identified the then reasonable-cause condition. No criminal liability or additional-ground question was decided. The report's section 276C comparator is historical; later section 276C/276CC texts and section 271(1)(a)'s omission must not be collapsed into it. Comprehensive later treatment and current-law/2025 mapping remain unverified.

01 FACTS OF THE CASE

The assessee was a registered firm trading in hill produce. Its AY 1965-66 return was not filed by the statutory due date, even after time was extended to 31 August 1966. It filed that return on 23 September 1967 following a section 139(2) notice the preceding day. Its AY 1966-67 return was also filed on 23 September 1967 after a notice. The report prints 21 June 1966 as the latter notice date, a chronology that is not silently repaired or used to derive a fresh delay computation (physical page 3).

The Income-tax Officer rejected the explanation that the firm genuinely believed it had no assessable income and imposed penalties of Rs.14,784 and Rs.11,447 for the respective years. The Appellate Assistant Commissioner dismissed the appeals. The Tribunal allowed an additional ground and cancelled the penalties, reasoning that the officer had not disproved the explanation and that the necessary mens rea had not been proved (physical pages 3–4).

On the Revenue's reference, a Full Bench of the Kerala High Court held that mens rea need not be established and that cancellation on that basis was unjustified. The assessee appealed by certificate. The separate referred question about the Tribunal's permission to raise the additional ground was expressly outside these appeals (physical pages 3–4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court rejected the argument that describing the penalty proceedings as quasi-criminal necessarily imported a requirement of criminal intent. It began with the provision's own language: the historical section 271(1)(a) permitted a penalty where the officer was satisfied that the person had failed to furnish the return without reasonable cause. The judgment's express preservation of that qualifier matters. Absence of an additional mens rea requirement does not delete the statutory reasonable-cause condition or decide every question concerning proof of a particular explanation (physical page 4).

To explain the distinction, the Court contrasted this civil obligation with the provision described in the report as section 276C, which punished wilful failure to furnish a return. The latter's wilfulness language and penal sentence required mens rea. The civil late-return penalty was described as remedial and coercive, directed toward loss of revenue, with its method of measurement relevant to that characterisation. This was a comparison of statutory functions, not a criminal prosecution or a finding that the assessee had committed an offence (physical pages 4–5).

The Court stated that, absent statutory language demanding a mental element, proof of the statutory default generally suffices; it found no requirement in section 271(1)(a) to establish mens rea before levying the penalties under consideration. That proposition must be read with the reasonable-cause language just identified, rather than converted into a rule that every delay automatically attracts every tax penalty. The judgment did not analyse the later statutory burden rules, criminal presumptions or subsequent penalty regimes (physical pages 4–5).

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

03 JUDICIAL DECISION

The Court held that mens rea did not have to be proved in the section 271(1)(a) proceedings for AYs 1965-66 and 1966-67. Both assessee appeals were dismissed with costs, leaving the High Court's answer in the Revenue's favour undisturbed. No remand or separate decision on the additional-ground question was ordered (physical page 5).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee's appeals dismissed with costs; High Court reference answer sustained

Final reasoned ruling on the asserted mens rea requirement for historical late-return penalties

No removal of the then statutory reasonable-cause qualifier, no decision on the separately referred additional-ground issue, no criminal conviction and no universal rule for all penalties or later statutory versions.

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

05 AKHB REVIEW POINT

Keep three inquiries distinct: whether a statutory return default occurred, whether the applicable reasonable-cause condition was met, and whether the statute additionally demanded mens rea. The Court rejected the third requirement for this historical provision. It did not equate a taxpayer's failure to establish reasonable cause with criminal guilt, or say that reasonable cause can never matter. The fate of a new explanation still depends on the governing text and record.

The section numbers need a prominent time boundary. The 2011 government-hosted compilation records omission of section 271(1)(a) effective 1 April 1989 (physical page 951, amendment-history footnote 84). It also records replacement of the earlier section 276C and insertion of section 276CC effective 1 October 1975; its later section 276C concerns wilful evasion and section 276CC concerns return-filing failures (physical pages 978–979, footnotes 94 and 96). The original section 276C is recorded as having been inserted effective 1 April 1971. The Court's printed criminal comparator is therefore not a holding applying a later-created offence retrospectively to these 1965-66/1966-67 defaults.

Those bounded historical checks do not resolve any prosecution, current penalty, fee, interest liability, criminal presumption or savings question. Use the law applicable to the actual period; comprehensive later judicial treatment and current-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 and full appeal range

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: Unnumbered judicial text; physical PDF pages are one-based

Source role: reported metadata and judicial text

2.

Topic: AYs, delayed returns, penalties and explanation

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: Unnumbered judicial text; physical PDF pages are one-based

Source role: judicial text

3.

Topic: Tribunal reasoning and issue excluded from the appeals

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: Unnumbered judicial text; physical PDF pages are one-based

Source role: judicial text

4.

Topic: Reasonable-cause wording and civil/criminal comparison

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text; physical PDF pages are one-based

Source role: judicial text

5.

Topic: No mens rea requirement under this provision; dismissal with costs

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: Unnumbered judicial text; physical PDF pages are one-based

Source role: judicial text

6.

Topic: Later omission and criminal-section changes, bounded comparison

Source url: [Open cited source](#)

Pdf pages: 951; 978; 979

Paragraphs: Section 271(1)(a)/footnote 84; sections 276C–276CC/footnotes 94 and 96

Source role: historical statutory context

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.S. Pathak, C.J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 5 PDF pages; SHA-256

bda9d072e65a49cd42dd6db121af25033b309be26da39f7b15575b588f76be53. Original bytes preserved.

Complete unnumbered judicial text on physical pages 3–5 / SCR 1002–1004; preceding editorial headnotes and appeal metadata separated; no adjacent judgment.

[Open cited source rendition](#)

Civil Appeal Nos. 630–631 of 1975 appear on the report's jurisdiction line; repository metadata lists only the first number.; The Supreme Court expressly excludes the separate question about admission of an additional Tribunal ground. No holding on that procedural question is attributed to it.; The physical page 3 image prints 21 June 1966 for the AY 1966-67 section 139(2) notice, while also discussing the 30 June 1966 return date. The original remains unchanged; the note does not correct the date or compute a fresh statutory delay from it.; Section 276C is reproduced as a historical wilful-return-failure comparator. It is not silently relabelled section 276CC, treated as later wilful-evasion wording, or applied as a criminal charge in these appeals.; The Supreme Court's reasons expressly retain without reasonable cause. No mens rea requirement does not mean automatic penalty irrespective of reasonable cause.; Later statutory changes are checked only in the identified 2011 compilation pages; no comprehensive current-law or later-treatment audit is claimed.

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 statute is expressly identified in this note.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 5](#)

SHA-256: bda9d072e65a49cd42dd6db121af25033b309be26da39f7b15575b588f76be53

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

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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