

Additional Commissioner of Income Tax, Gujarat v. I.M. Patel and Co.

Civil Appeal Nos. 2626–2628 of 1979

[1992] 2 SCR 914 | 1992-04-28

Whether proof of mens rea was necessary before imposing the historical section 271(1)(a) penalties for the assessee's late income-tax returns.

271(1)(a) | 271(1)(c) | 139(1) | 276C

Two-judge bench | S. Mohan, J. | G.N. Ray, J.

Assessment years: 1964-65, 1965-66, 1966-67

Historical late-return penalty: no mens rea requirement; preserve reasonable cause and source limits

This judgment restores the three historical section 271(1)(a) penalties and holds that mens rea need not be proved. It does not decide a section 271(1)(c) concealment penalty, abolish the reasonable-cause qualification or certify current prosecution law. The source gives an internally inconsistent account of the High Court's reasonable-cause finding and inconsistent criminal-section labels in a precedent quotation; neither is silently corrected. Read the holding with its statutory period, limited disposition and source cautions. Later treatment and 2025 Act mapping remain not_verified.

01 FACTS OF THE CASE

For AYs 1964-65, 1965-66 and 1966-67 the returns were due on 31 July 1964, 31 July 1965 and 31 July 1966 respectively, but all three were filed on 24 March 1967. The returned incomes were Rs 48,000, Rs 45,000 and Rs 51,000; the assessed incomes were Rs 58,557, Rs 52,337 and Rs 62,560. The assessing authority imposed penalties of Rs 9,690, Rs 6,115 and Rs 3,915 respectively under section 271(1)(a) (physical page 3).

The Appellate Assistant Commissioner confirmed the penalties; the Tribunal ruled for the assessee. On reference, the Gujarat Full Bench adopted a culpability and burden-of-proof approach and returned the matter to the Division Bench. The Division Bench answered the reference against the Revenue, which brought these three appeals. The source's account of the Division Bench's reasonable-cause finding is internally inconsistent, so the note does not infer the missing factual explanation (physical pages 3–5).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court treated the mens rea question as settled by Gujarat Travancore Agency v. CIT, 177 ITR 455, and its application in CIT v. Kalyan Dass Rastogi, 193 ITR 713. It adopted the distinction between the civil obligation enforced through section 271(1)(a) and the criminal liability considered in the quoted precedent. The statutory language of section 271(1)(a) did not require proof of mens rea before the civil penalty could be imposed (physical pages 6–7).

The adopted passage explained that, absent statutory language requiring mens rea, proof of the default generally suffices; it also reproduced the historical qualification that the failure be without reasonable cause. Thus the holding removes a separate mens rea requirement, rather than deleting the reasonable-cause qualification from the provision. The suggestion that concealment penalties might involve a different rule was part of the Revenue's submissions; the Court did not determine a section 271(1)(c) penalty in this case (physical pages 5–7).

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

03 JUDICIAL DECISION

The Supreme Court answered the reference in favour of the Revenue, allowed all three appeals and set aside the High Court and Tribunal judgments. It confirmed the assessing authority's order, as affirmed by the Appellate Assistant Commissioner, in relation to the penalties. There was no order as to costs (physical page 7).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Three appeals allowed; High Court and Tribunal judgments set aside; assessing authority's penalty orders confirmed; no order as to costs

Final legal ruling on mens rea under historical section 271(1)(a), with the penalties restored

No concealment-penalty holding, prosecution decision, fresh penalty computation or general finding that every delay lacks reasonable cause. The source does not explain the assessee's asserted reasonable cause.

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

05 AKHB REVIEW POINT

Keep the civil default question separate from the criminal state-of-mind question. A taxpayer cannot resist the historical section 271(1)(a) penalty merely by demanding proof of mens rea, but the statutory reasonable-cause language cannot be erased from the analysis. Identify the precise penalty provision and its applicable version before using this decision.

Do not extract a rule about section 271(1)(c) from counsel's comparison, or restate the quoted historical prosecution references as current law. Preserve the source's inconsistent account of the High Court's reasonable-cause finding instead of supplying an unreported explanation. The operative result is specific: the three penalties were restored. Subsequent treatment and 2025 Act mapping remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, bench, date, appeal numbers and origin

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: SCR 914–915; unnumbered text

Source role: reported metadata

2.

Topic: Author, three AYs, filing dates, income figures, penalties and procedural opening

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 916; unnumbered text

Source role: judicial text

3.

Topic: Quoted Full Bench reasoning and inconsistent Division Bench account

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: SCR 917–918; unnumbered text

Source role: judicial text

4.

Topic: Competing submissions, including non-operative concealment comparison

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: SCR 918–919; unnumbered text

Source role: party submissions

5.

Topic: Adopted Gujarat Travancore reasoning; no mens rea requirement; restoration of penalties and costs

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: SCR 919–920; unnumbered text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S. Mohan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

APPEAL GROUPING AND SOURCE LIMITS

Single judgment: True

Appeals included: Civil Appeal No. 2626 of 1979; Civil Appeal No. 2627 of 1979; Civil Appeal No. 2628 of 1979

Origin: Appeals by certificate from Gujarat High Court judgment and order dated 13 December 1976 in Income-tax Reference No. 24 of 1973

ROLE AND SCOPE OF EACH IDENTIFIED PROVISION

1.

Section: 271(1)(a)

Role: Historical late-return civil penalty actually in issue; the Court held that proof of mens rea was not required and restored the penalties.

2.

Section: 271(1)(c)

Role: Comparison in the competing submissions; no concealment penalty or independent mens rea rule under this provision was decided.

3.

Section: 139(1)

Role: Appears in the adopted Gujarat Travancore Agency quotation describing the return obligation in a civil/criminal comparison; no separate filing-date interpretation was decided.

4.

Section: 276C

Role: Appears in the adopted precedent quotation contrasting criminal liability with section 271(1)(a). That quotation later prints 276(3); the inconsistent labels are preserved as a source caution, not independently corrected or treated as an operative prosecution holding.

OPERATIVE 1961 ACT PROVISIONS

271(1)(a)

PRECEDENTS CONSIDERED IN THIS JUDGMENT

1.

Case: Gujarat Travancore Agency v. Commissioner of Income Tax, Kerala

Citation: 177 ITR 455 (SC)

Treatment in this judgment: Followed and its civil-penalty/mens-rea reasoning quoted at physical pages 6–7
2.

Case: Commissioner of Income Tax v. Kalyan Dass Rastogi

Citation: 193 ITR 713

Treatment in this judgment: Cited as having applied Gujarat Travancore Agency; relied on at physical page 7
3.

Case: Additional Commissioner of Income Tax, Gujarat v. I.M. Patel and Co.

Citation: 107 ITR 214

Treatment in this judgment: The impugned Gujarat approach is described at physical pages 4–5 and displaced by the Supreme Court's result; not an independent subsequent-treatment check

4.

Case: Morvi Cotton Merchants Industrial Corpn. Ltd. v. State of Gujarat

Citation: 36 STC 347

Treatment in this judgment: Identified in procedural background concerning the Gujarat reference to a Full Bench; no standalone sales-tax issue decided

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 7 PDF pages; SHA-256

0a43925eddd0995979b258156a7fec40c99387dd21e58c3028265b7be8049672. Original bytes preserved.

Complete unnumbered judicial text from physical page 3/SCR 916 through disposition on physical page 7/SCR 920. Editorial headnote and case metadata preceding the judicial opening were separately read. No adjacent judgment included.

Open cited source rendition

Original cover and judicial citation read I.M. Patel and Co.; OCR sometimes reads J.M. Patel. The visually verified title controls.; The headnote says the Revenue appealed to the Tribunal after the Appellate Assistant Commissioner confirmed the penalties. The judicial body says only that the matter was taken to the Tribunal, which ruled for the assessee. No mistaken Tribunal appellant is adopted.; At physical page 5/SCR 918 the printed judicial text calls the Tribunal's reasonable-cause view erroneous but immediately says the reference was answered in the affirmative and against the Revenue. The headnote describes a reasonable-cause finding for the assessee. This inconsistency is preserved rather than silently adding "not" or reconstructing the factual finding.; The adopted quotation on physical page 6 uses section 276C and later prints section 276(3) for the criminal comparison. No independent correction, current prosecution proposition or operative mapping is derived from those inconsistent labels.; The passages on the Gujarat Full Bench's four conclusions are quoted lower-court reasoning, not the Supreme Court's holdings. The section 271(1)(c) comparison is counsel's submission, not a decision on concealment penalties.; No paragraph numbers occur in this rendition; all pinpoints use physical PDF and SCR pages.

STATUTORY SCOPE

Historical section 271(1)(a) for AYs 1964-65 to 1966-67 is the operative provision. Do not translate the quoted prosecution language or counsel's section 271(1)(c) comparison into a present-law rule. No Income-tax Act, 2025 mapping is certified.

LATER TREATMENT

Source checked 2026-10-04. No later-treatment search or current-law certification was undertaken for this note. Authorities discussed within the reviewed judgment are reported as its own reasoning, not as an independently verified subsequent-treatment history.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 7](#)

SHA-256: 0a43925eddd0995979b258156a7fec40c99387dd21e58c3028265b7be8049672

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