

M.R. Pratap v. V.M. Muthukrishnan, Income-Tax Officer, Central Circle-III, Madras

Criminal Appeal Nos. 383–384 of 1979

[1992] 2 SCR 949 | 1992-04-29

Whether the managing director who personally signed and verified the company's return could be prosecuted under section 277, although the company was the assessee and the conduct preceded the 1975 amendments.

277 | 139 | 140(c), historical text | 2(35) | 278B, historical amendment comparison

Two-judge bench | Kuldip Singh, J. | Yogeshwar Dayal, J.

Assessment years: 1965-66

Prosecution may continue; guilt was not adjudicated

The managing director's own signed verification could attract historical section 277 even though the company was the assessee. This is a maintainability ruling, not a conviction or automatic liability for all directors. The section 278B comparison retains its statutory qualifications. The source contains inconsistent return dates and a procedural-code misprint. No current signing rule, retrospective offence, comprehensive later treatment or 2025 mapping is certified.

01 FACTS OF THE CASE

Pratap, managing director of Rayala Corporation Private Ltd., signed and verified its return for AY 1965-66. The return showed total income of Rs 21,36,785 for the accounting year ended 31 March 1965; the chief accountant signed accompanying statements. The complaint alleged that searches disclosed income understated by more than Rs 6 lakh and expenditure inflated by at least Rs 2,69,765, and charged Pratap with wilfully and knowingly false verification under section 277. These are prosecution allegations, not a conviction or an independent Supreme Court computation (physical page 3).

The Magistrate rejected the challenge to maintainability on 28 November 1973. The Madras High Court dismissed a revision and a separate quashing petition on 4 February 1977. The Supreme Court appeals concerned the signatory's liability to prosecution under section 277; the other charges in the complaint were expressly outside their scope (physical pages 2–4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court rejected the proposition that person in section 277 means only the assessee whose income is assessed. Relying on the contextual reasoning in *Kapurchand Shrimal*, it focused on the individual responsible for the statutory act and false verification. A person signing for the corporate assessee could not escape the provision merely because the company, rather than the signatory, was assessed (physical pages 5–7).

Pratap's admitted managing-director role and the finding that he signed as principal officer brought him within the historical return-verification obligation under sections 139 and 140(c), read with section 2(35) and the applicable company-law setting. The later substitution of managing director for principal officer in section 140(c) did not establish that a managing director had previously been outside the obligation. The amendment changed the designated signing arrangements; it did not create immunity for his earlier personal verification (physical pages 7–8).

The Court likewise rejected the inference that introduction of section 278B from 1 October 1975 first made this signatory prosecutable. It described the new provision's extension to persons in charge of and responsible for company business, alongside the company, as distinct from the direct liability of the managing director who had signed. The broad concluding phrase about persons connected with company affairs must be read with those statutory qualifications. The judgment did not adjudicate every officer's liability, every section 278B defence or the guilt of the accused on evidence (physical pages 6–8).

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

03 JUDICIAL DECISION

Both appeals were dismissed, leaving the High Court's refusal to quash the prosecution intact. The Court agreed with its reasoning on the challenged statutory point and stated that no other point was urged. It did not enter a conviction, impose a sentence or determine the other charges. The source contains no express costs direction (physical page 8).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue/prosecution on maintainability

Both criminal appeals dismissed; refusal to quash sustained; no express costs direction

Final interpretation of the challenged prosecution-eligibility point, with criminal guilt not determined by this judgment

Direct responsibility for the signed verification; no automatic liability for every director, no general corporate-immunity rule, and no retrospective application of section 278B to create the earlier offence.

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

05 AKHB REVIEW POINT

Separate personal responsibility for signing a verification from vicarious liability based solely on office or control. Identify the relevant statutory duty, the signer's capacity, the allegation concerning knowledge or belief and the law applicable when the act occurred. The company's separate tax personality did not insulate the person who performed the alleged false verification.

A failed quashing challenge is not a criminal conviction. Preserve that procedural posture and do not present the disputed income or expenditure figures as proved findings. The discussion of 1975 amendments explains why they did not negate the earlier signatory duty; it is not permission to apply a later offence retrospectively. Current verification rules, corporate-prosecution doctrine, statutory defences and comprehensive later treatment remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, two appeals and originating High Court order

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: Complaint allegations, return chronology and preserved other charges

Source url: [Open cited source](#)

Pdf pages: 3; 4

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

Source role: judicial text

3.

Topic: Contextual meaning of person and attributed precedent

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

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

Source role: judicial text

4.

Topic: Principal-officer duty and historical amendment comparison

Source url: [Open cited source](#)

Pdf pages: 7; 8

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

Source role: judicial text

5.

Topic: Section 278B qualifications and final dismissal

Source url: [Open cited source](#)

Pdf pages: 8

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

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Yogeshwar Dayal, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 8 PDF pages; SHA-256

975a6f5607154435517d9fa662caff280490e58cee1541e6629875368016ad28. Original bytes preserved.

Complete judicial text physical pages 3–8; editorial material on pages 1–2 separated; no neighbouring judgment.

[Open cited source rendition](#)

Physical page 3 dates the return 17 November 1976 but says it was delivered on 18 November 1965; the lower maintainability order is dated 28 November 1973. The scan confirms the inconsistent return chronology. The note does not invent a corrected signing date.; The opening complaint recital prints sections 277 and 273; the Court expressly confines its analysis to section 277 and leaves the other charges outside these appeals. No separate section 273 criminal holding is supplied.; Physical page 4 once calls the section 482 procedure the Code of Civil Procedure, then correctly identifies the Code of Criminal Procedure. The source is unchanged.; The section 140(c) change is described as effective 1 April 1976, while section 278B is described as introduced from 1 October 1975. These are distinct changes, not a single date to substitute into the offence chronology.; The headnote compresses section 278B to every person connected with affairs; the judicial text also states the in-charge-and-responsible condition. The note does not omit that qualification.

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: 8](#)

SHA-256: 975a6f5607154435517d9fa662caff280490e58cee1541e6629875368016ad28

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