

Commissioner of Income Tax, Bangalore v. Smt. R. Sharadamma

Civil Appeal No. 3169 of 1984

[1996] 3 SCR 1200 | 1996-04-03

Whether omission of the historical section 274(2) from 1 April 1976 deprived the Inspecting Assistant Commissioner of jurisdiction to continue a penalty proceeding validly referred to and pending before him on 31 March 1976.

256(1) | 271(1)(c) | 274(2) (historical omitted provision)

Two-judge bench | B.P. Jeevan Reddy, J. | Suhas C. Sen, J.

Assessment years: 1972-73

Historical pending-reference jurisdiction; printed amendment-year slip

The IAC retained authority over a reference validly pending before 1 April 1976; this does not permit fresh references under the omitted machinery or determine penalty quantum. AY 1972-73 is the actual year; the other years and threshold amounts belong to Dhadi Sahu. The ending prints 1970 where the opening identifies the 1975 Act for the 1976 omission. No costs were ordered. Current penalty law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

For AY 1972-73, the Tribunal cancelled a section 271(1)(c) penalty on the ground that the Inspecting Assistant Commissioner lacked jurisdiction after the statutory change. The Karnataka High Court answered the section 256(1) reference for the assessee, following R. Abdul Azeez. That decision had treated omission of section 274(2) as ending the IAC's power even over pending proceedings. Revenue appealed from the High Court's 4 August 1983 order in ITRC 126/1981 (physical pages 1-2).

The Supreme Court expressly found that the reference in this case had been made in accordance with the law then in force. The primary order does not state the reference date, the penalty-order date, the penalty amount or a concealment computation for Sharadamma. The detailed dates, threshold figures and two assessment years narrated later belong to the cited Dhadi Sahu litigation (physical pages 2-5).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court applied the ratio of CIT v. Dhadi Sahu, 199 ITR 610. That earlier case concerned the 1970 amendment, operative from 1 April 1971, which replaced the reference threshold based on minimum penalty exceeding Rs 1,000 with one based on concealed income exceeding Rs 25,000. A reference validly pending with the IAC survived that change because the amending law did not require pending matters to be returned or transferred (physical pages 2–4).

The Court treated a change of forum as preserving pending actions unless a contrary legislative intention is clearly expressed or necessarily implied. It then applied that principle to the distinct 1976 omission in Sharadamma: the IAC had validly acquired the matter and did not lose it simply because section 274(2) was deleted. The Court referred to the principle underlying section 6 of the General Clauses Act and to the deletion-of-forum example in Manujendra Dutt (physical pages 4–5).

This decides preservation of an existing valid reference. It does not authorise a fresh post-omission reference to the old forum, override a contrary transfer provision, or independently establish concealment and the correct quantum of penalty. The contrary jurisdictional approach followed by the Karnataka High Court was rejected (physical page 5).

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

03 JUDICIAL DECISION

Revenue's appeal was allowed and the referred question answered in the negative, for Revenue and against the assessee. The IAC retained jurisdiction to continue the proceedings pending before him on 31 March 1976 and pass appropriate orders according to law. There was no order as to costs. The Supreme Court specified no penalty amount and made no express fresh-remand direction (physical page 5).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Appeal allowed; reference question answered negatively; no order as to costs

Final decision on continued forum jurisdiction over the validly pending penalty proceeding

The old forum's jurisdiction survived the 1976 omission for this pending reference. Concealment merits and penalty quantum were not independently adjudicated in the reported order.

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

05 AKHB REVIEW POINT

For a statutory change of forum, establish when and how the authority acquired the proceeding and then read the amending law for a contrary transfer or termination intention. Pending jurisdiction cannot simply be inferred from the year of assessment, and a reference made after the change presents a different question.

Keep the two legislative events separate: Dhadi Sahu concerned the 1971 threshold amendment; Sharadamma concerned the 1976 omission. The ₹1,000 and ₹25,000 thresholds described in the precedent are historical and are not present penalty-jurisdiction rules. The final paragraph's reference to the 1970 Act conflicts with the opening's identification of the 1975 Act for the 1976 omission; flag the printed slip rather than changing the preserved source. No comprehensive later-treatment or current penalty-machinery verification is certified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, sole appeal and originating court

Source url: [Open cited source](#)

Pdf pages: 1

Paragraphs: Unnumbered judicial text

Source role: reported metadata

2.

Topic: Own year, reference question and 1975 amendment identification

Source url: [Open cited source](#)

Pdf pages: 2

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Dhadi Sahu facts and historical threshold amendment

Source url: [Open cited source](#)

Pdf pages: 2; 3; 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Pending-forum principle and application to valid reference

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Printed amendment-year slip, final result and costs

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Unattributed order of the Court

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

OTHER PROVISIONS AND THEIR DISTINCT SCOPE

General Clauses Act, 1897: principle underlying section 6; Taxation Laws (Amendment) Act, 1975: omission of section 274(2), effective 1 April 1976; Taxation Laws (Amendment) Act, 1970: earlier section 274(2) change, effective 1 April 1971, considered through Dhadi Sahu

SOURCE & VERIFICATION

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

Identified source rendition: 5 PDF pages; SHA-256

b1316668ba9db3a04a87164173d25cb015f05c42a611e1f0d0af9335143d5c36. Original bytes preserved.

Complete unattributed judicial order on physical pages 2–5/SCR 1201–1204; cover/headnote and appellate particulars on physical page 1 read separately.

[Open cited source rendition](#)

Physical page 5 prints Taxation Laws (Amendment) Act, 1970 for the deletion effective 1 April 1976, while page 2 and the headnote identify the 1975 Act. The narrative follows the opening identification and explicitly preserves this internal apparent slip.; AYs 1968-69 and 1969-70, assessment orders dated 28 February 1970 and penalty orders dated 15 February 1975 relate to the embedded Dhadi Sahu account. Sharadamma concerns AY 1972-73.; The actual reference date and penalty-order date for Sharadamma are not stated. The Court expressly treats the reference as lawfully made and pending when the deletion took effect.; The historical threshold figures are not a Sharadamma penalty award or a contemporary threshold.; The concluding relief contains no express remand and no penalty computation. The jurisdictional result must not be described as a fresh Supreme Court finding of concealment.; The historical amendment identification is checked against the judgment's opening and closing text. No independently read external bare-statute text is supplied to resolve the printed 1970/1975 conflict, and no later-treatment conclusion is inferred from it.

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](#)

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