

Common Cause—A Registered Society v. Union of India & Others

Writ Petition (Civil) No. 24 of 1995

[1996] 3 SCR 1208 | 1996-04-04

Political parties' historical duties to maintain audited contribution records, file income returns and face statutory enforcement, together with election-funding transparency directions.

Income-tax Act, 1961: sections 13A, 139(4B), 142(1) and 276CC | Companies Act, 1956: section 293A (historical) | Representation of the People Act, 1951: section 77 and Explanation 1 (historical text considered) | Constitution of India: article 324

Two-judge bench; judgment delivered by Kuldip Singh, J. | Kuldip Singh, J. | Faizan Uddin, J.

Historical political-funding and return-filing framework

The judgment's directions must be read with the statutory text and factual record considered in 1996. It is not a current-law audit of political-party exemptions, contribution disclosures, election expenditure or prosecution requirements.

01 FACTS OF THE CASE

Common Cause filed an Article 32 public-interest petition alleging that political parties were using unaccounted election funds while failing to maintain accounts and file income returns required by the statutory transparency framework. Union affidavits showed that several identified parties had not filed returns for long periods, while some filed only after departmental notices or filed incomplete or belated material. The Department's explanation was that proceedings had been dropped where it lacked definite information of income above the taxable limit, despite the statutory return mechanism and notices already issued.

Source: [Primary judgment: petition, statutory framework and filing record / PDF pp. 6-13](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read section 13A with section 139(4B), section 142(1), section 276CC and the then company- and election-law provisions as a mandatory transparency scheme. Political parties had to file returns when the statutory condition applied; exemption depended on proper books, contribution records and audited accounts. The Court rejected the Department's prolonged inaction as extraneous and unjustified, holding that defaulting parties were not above the law. In the election-expense branch, an entry in section 13A-compliant party accounts could help rebut the presumption that candidate-connected expenditure was authorised by the candidate, whereas mere assertions or labels would not. Article 324 permitted the Election Commission to require party expenditure details for scrutiny during elections.

Source: [Primary judgment: tax enforcement, election expenditure and Article 324 / PDF pp. 11-24](#)

03 JUDICIAL DECISION

The Court held that political parties were under a statutory obligation to file income returns for each applicable assessment year and that parties failing to do so had prima facie violated the Income-tax Act. It found the income-tax authorities wholly remiss, directed the Revenue Secretary to investigate each defaulting party and initiate action in accordance with law, including section 276CC action where warranted, and ordered an inquiry into the officers responsible for non-enforcement. It also formulated the rebuttable election-expenditure presumption and confirmed the Election Commission's power to seek party expenditure details.

Source: [Primary judgment: reasons and numbered directions / PDF pp. 16-24](#)

04 OUTCOME / IN WHOSE FAVOUR

The writ petition was allowed. The Union of India was ordered to pay Rs 20,000 in costs, alongside the seven numbered enforcement, inquiry and election-transparency directions.

Source: [Primary judgment: operative directions and costs / PDF pp. 23-24](#)

05 AKHB REVIEW POINT

AKHB analysis: for a political-party tax-compliance question, separate three layers: eligibility for exemption under the applicable statutory conditions, the independent return-filing trigger, and the Department's assessment or prosecution machinery. Preserve audited books, contributor records, unit-level accounts, returns and notices. Do not treat this judgment as fixing present contribution thresholds or automatically proving tax or criminal liability; it directs lawful investigation and enforcement in the historical record and leaves case-specific statutory conditions to that process.

Source: [Primary judgment underlying the AKHB analysis / PDF pp. 11-24](#)

SOURCE & VERIFICATION

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

Identified source rendition: 24 PDF pages; SHA-256 7a07c3293923f9554a80d17628d1fe46aaad020bceceaa8ecab2fd0955cacb85. Original bytes preserved. Reporter headnote occupies physical pages 1-5/SCR 1208-1212. The judgment delivered by Kuldeep Singh, J. begins on physical page 6/SCR 1213 and ends on physical page 24/SCR 1231. The complete report was read.

[Open cited source rendition](#)

The complete 24-page report was read, separating the five-page reporter headnote from the judicial opinion on physical pages 6-24; source hash and page count match the frozen catalogue.

The published collection, archived release files, register matches and whole-file source hashes disclosed no existing judgment identity match.

The judgment concerns institutional return filing and enforcement rather than computation of any identified party's final taxable income; no assessment year or tax quantum is inferred.

STATUTORY SCOPE

The Court applied the Income-tax Act, 1961 and related company and election provisions as reproduced in the 1996 report. Section numbering, contribution thresholds, political-funding rules, exemptions, return duties, penalties and institutional procedures may have changed. The note does not map the decision automatically to current legislation or later electoral-funding developments.

LATER TREATMENT

Source checked 2026-10-14. not_verified. No comprehensive citator search or later-treatment review was performed. The decision is recorded in its 4 April 1996 statutory setting; no claim is made that its contribution threshold, company-law rule, election-expense text, enforcement posture or other historical provisions remain unchanged.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 24](#)

SHA-256: 7a07c3293923f9554a80d17628d1fe46aaad020bceceaa8ecab2fd0955cacb85

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