

## Smt. Harbans Kaur v. Commissioner of Wealth-tax, Jullundur

Civil Appeal No. 1334 of 1981 and connected appeals

[1997] 1 SCR 184 | 1997-01-13

### Wealth-tax penalty waiver: the Commissioner's reasoned discretion to reduce rather than fully waive penalty

Wealth-tax Act, 1957: sections 18(1) and 18B | Income-tax Act, 1961: analogous section 273A

Two-judge bench; judgment delivered by K. T. Thomas, J. | B. P. Jeevan Reddy, J. | K. T. Thomas, J.

Assessment years: 1970-71, 1971-72, 1972-73, 1973-74, 1974-75, 1975-76

#### Repealed Wealth-tax Act

The ruling concerns former section 18B of the Wealth-tax Act. Any use of its administrative-discretion principle under another statute requires separate textual and later-law verification.

#### 01 FACTS OF THE CASE

The appellants faced penalties for failure to file wealth-tax returns for assessment years 1970-71 through 1975-76. After section 18B was inserted, they filed returns and requested full waiver. The Commissioner found the statutory conditions satisfied but, considering the facts, reduced the penalties to 5% rather than waiving them entirely. The Punjab and Haryana High Court dismissed their writ petitions in limine (SCR pp.184-186; PDF pp.1-3).

Source: [Primary judgment: facts and waiver request](#)

#### 02 DISCUSSION BY THE HON'BLE COURT

Once section 18B's conditions were satisfied, the Commissioner acquired discretion to reduce or waive penalty. The words 'may in his discretion' did not compel complete waiver. Discretion had to be exercised fairly, justly and for relevant reasons, and an order granting only reduction needed to show application of mind. The Court distinguished High Court decisions condemning unreasoned refusal of waiver; they did not establish that full waiver was the only lawful outcome. The judgment noted the analogous discretion under section 273A of the Income-tax Act (SCR pp.186-188; PDF pp.3-5).

Source: [Primary judgment: scope of discretion](#)

### 03 JUDICIAL DECISION

Because the Commissioner had supplied reasons and they were neither unjust nor irrelevant, the Court refused to interfere. The connected appeals were dismissed (SCR pp.188-189; PDF pp.5-6).

Source: [Primary judgment: decision](#)

### 04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue. The Commissioner's reasoned choice to reduce the historical wealth-tax penalties to 5%, rather than fully waive them, was sustained.

Source: [Primary judgment: outcome](#)

### 05 AKHB REVIEW POINT

AKHB analysis: satisfying gateway conditions for a discretionary relief provision may establish eligibility for consideration without dictating maximum relief. Check whether the decision-maker identified relevant facts and gave intelligible reasons for the chosen degree of relief. Do not transplant the result mechanically: the Wealth-tax Act is repealed and the wording, purpose and controlling authorities for any current provision must be examined independently.

Source: [Primary judgment: review-point basis](#)

## SOURCE & VERIFICATION

### [Supreme Court Reports scan - public eSCR mirror](#)

Complete six-page SCR report read in page-preserving text and every page image inspected; the OCR-obscured appeal year was checked against the report's High Court date and corroborating case records.

### [Open cited source rendition](#)

Exact catalogue SHA-256 and six-page count verified; every page was read and visually inspected.

The report verifies the parties, connected appeals, bench, six assessment years, discretion question and dismissal.

No exact source-hash, citation, docket or same-judgment match exists in the published corpus, reviewed archive or disposition register.

## STATUTORY SCOPE

The judgment applies the since-repealed Wealth-tax Act, 1957. Its reference to section 273A is analogical and is not a ruling on the current operation of that income-tax provision.

## LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and any present analogy were not comprehensively checked; no current-law or citator clearance is represented.

**AI DISCLOSURE**

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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General legal and tax research only; not legal or tax advice. Verify the original judgment, the repealed statutory framework and subsequent treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.