

Commissioner of Income Tax, Bangalore v. Shree Manjunathesware Packing Products and Camphor Works

Civil Appeal No. 8467 of 1997

[1997] Supp 6 SCR 109 | 1997-12-02

Whether the Commissioner's revision record could include a valuation report received after the original assessment, including for a revision order made before the 1988/1989 amendments.

263(1) | 263(1) Explanation (b) (historical)

Two-judge bench | G.T. Nanavati, J. | M. Jagannadha Rao, J.

Assessment years: 1977-78

Broader revision record; fresh assessment still required

The Commissioner could consider the later DVO report and the challenged revision was legal, including before 1988. That does not itself establish the final construction cost, excuse every other revision condition or make every later amendment retrospective. The source conflicts on High Court year, subtraction and one quoted Finance Act year. Summary refusal of special leave was not approval of another High Court's reasoning; later treatment remains unverified.

01 FACTS OF THE CASE

For AY 1977-78 the firm reported a cinema-theatre construction cost of Rs 20,28,498 after excluding an electrical component. The ITO sought a Departmental Valuation Officer report on 2 February 1980, but completed the assessment without it because the assessment deadline approached. The report arrived on 16 December 1980 and valued construction at Rs 34,58,600 (physical page 4).

The Commissioner invoked section 263 and on 3 March 1982 set aside the assessment for a fresh order, rejecting the argument that the later report lay outside the record. The Tribunal and High Court accepted that restricted-record argument. Revenue appealed the High Court's reference answer (physical pages 4-6).

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

02 DISCUSSION BY THE HON'BLE COURT

The revisional power allowed inquiry into whether the assessment was erroneous and prejudicial to Revenue. The Commissioner could obtain new material through inquiry; it would be inconsistent to exclude relevant material already received after assessment but available when he examined the record. The word record therefore was not confined to papers physically before the ITO when making the assessment (physical pages 11–13).

The Court examined the 1988 explanatory definition and the 1989 words deeming the broader record always to have been included, alongside their stated purpose of removing doubt. It rejected the argument that only revisions made after 1 June 1988 could benefit. The wider meaning applied to the 1982 order. Earlier Supreme Court applications of related explanatory amendments supported that conclusion, although the Court noted that the exact present issue had not been specifically raised in both those cases (physical pages 6–14).

The Court also rejected an argument founded on summary dismissal of special-leave petitions in another case: that dismissal did not establish Supreme Court approval of the High Court's reasoning. No general assertion that every type of Supreme Court dismissal has identical consequences is needed to understand this point (physical page 11).

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

03 JUDICIAL DECISION

Revenue's appeal was allowed. The High Court judgment was set aside and the referred question answered negatively, for Revenue. The Commissioner could consider the later valuation report and his revision order was held legal. That order directed a fresh assessment; the Supreme Court did not itself adopt the report as a final taxable addition or compute an unexplained-investment amount. There was no order as to costs (physical pages 14–15).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on revision jurisdiction

Appeal allowed; High Court reversed; reference answered for Revenue; no costs

Final on scope of record and validity of the challenged revision order; fresh assessment contemplated

No automatic revision whenever new material exists, no elimination of error/prejudice or other statutory limits, and no final valuation quantum.

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

05 AKHB REVIEW POINT

Ask what material was available to the revising Commissioner and how it related to the proceeding, rather than freezing the inquiry at the assessment date. Then separately test the statutory conditions for revision, the factual reliability of the material and the opportunity to contest the resulting assessment. A broader record definition is not a substitute for those other requirements.

The retrospective conclusion concerns the particular explanatory wording and legislative history reviewed here; it is not a rule that every later tax amendment operates backwards. Likewise, the Court's statement about a summary SLP dismissal should not be extended without examining whether another order refused leave summarily, gave reasons or followed a grant of leave. The historical case does not supply a current revision deadline, automatic valuation adjustment or 2025 statutory mapping.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, year, valuation chronology and reference issue

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4; 5; 6

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Explanation history and rival construction

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8; 9; 10

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Summary SLP dismissal point

Source url: [Open cited source](#)

Pdf pages: 11

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Record scope, inquiry power and earlier applications

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13; 14

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Revision held legal and final answer

Source url: [Open cited source](#)

Pdf pages: 14; 15

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

G.T. Nanavati, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 15 PDF pages; SHA-256

27ced63f05e270768e56a2f6668b273915a0425ff6c734b3520b87d58bc9542b. Original bytes preserved.

Complete judicial text physical pages 4–15/SCR 112–123; legal scope of revision record and pre-1988 order, not a final valuation assessment.

[Open cited source rendition](#)

The front matter prints the Karnataka High Court date as 6 June 1993, while the judicial opening says 6 June 1995 in ITRC 26/1993. The judicial date is reported with this explicit conflict, not silently reconciled.; The printed cost is Rs 20,28,498, but the accompanying Rs 23,78,242 less Rs 3,49,644 figures subtract to Rs 20,28,598. No corrected cost or final addition is computed from this Rs 100 discrepancy.; The quoted 1989 memorandum on page 8 first calls the substituted explanation Finance Act 1986 and later in the same quotation says Finance Act 1988; the surrounding statutory history consistently identifies the 1988/1989 changes. The source slip is retained.; The headnote describes a High Court appeal; the judicial text identifies a reference following the Tribunal's reversal. The actual procedural route controls.; The separate Arbuda Mills and South India Steel Rolling Mills facts, years and quoted dates are comparisons, not additional appeals disposed of here.; This judgment settles admissible record scope and the revision order's legality, not the correct ultimate construction cost or every potential later statutory valuation issue.

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. Comprehensive subsequent judicial and statutory treatment has not been verified. References to other decisions are limited to their treatment within this source judgment; those decisions' originals have not been independently verified for this note. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 15](#)

SHA-256: 27ced63f05e270768e56a2f6668b273915a0425ff6c734b3520b87d58bc9542b

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.