

T.D. Venkata Rao v. Union of India

Civil Appeal No. 2824 of 1992

[1998] Supp. 3 SCR 418 | 1998-12-08

Whether excluding income-tax practitioners who can act as authorised representatives from the accountant role for the historical section 44AB audit requirement violated Articles 14 and 19 of the Constitution.

44AB (historical tax-audit requirement) | 288(2), clause (iv) and Explanation (historical accountant definition)

Two-judge bench | S.P. Bharucha, J. | V.N. Khare, J.

Assessment years: See the source-scope notes; no year inferred.

Historical audit qualification; superseded thresholds and restored appeal

The constitutional challenge was rejected after restoration, and the final appeal dismissal is with costs. The Rs 40 lakh business and Rs 10 lakh professional figures refer to historical turnover/gross-receipts triggers, not taxable income or current thresholds; their later replacement is confirmed by a bounded 2011 compilation check. The judgment preserves income-tax practitioners' representation role and describes a historical accountant definition. No assessment-specific liability, current audit regime or 2025 Act equivalence is decided; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The appellant challenged section 44AB on behalf of income-tax practitioners. In the provision described by the Court, business sales, turnover or gross receipts had to exceed Rs 40 lakh, or professional gross receipts Rs 10 lakh, in a previous year for the stated audit requirement to apply. The section adopted the meaning of accountant in the Explanation below section 288(2), which the judgment describes as including chartered accountants and the historical category of persons entitled under section 226(2) of the Companies Act to act as company auditors in a particular State (physical page 2/SCR 419).

The Madras High Court had rejected the challenge in W.P. No. 3709 of 1985 on 29 August 1989. The Supreme Court record first notes dismissal for nonappearance, then expressly restores the appeal and hears counsel. No particular assessment year, taxpayer's audit default or tax quantum is decided (physical pages 1–2).

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

02 DISCUSSION BY THE HON'BLE COURT

Income-tax practitioners argued that their entitlement to represent assessee made their exclusion from the audit function discriminatory and contrary to Articles 14 and 19. The Court rejected the challenge: chartered accountants have special aptitude for audits by reason of their training and form a distinct class for this purpose. It found no material establishing equivalent accounting expertise on the part of income-tax practitioners (physical page 2/SCR 419F–H).

The same reasoning defeated the Article 19 challenge. The Court expressly preserved income-tax practitioners' entitlement to act as authorised representatives of assessee; representation and the audit qualification were separate statutory functions (physical page 3/SCR 420A).

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

03 JUDICIAL DECISION

After restoration and a merits hearing, the appeal was dismissed with costs. The earlier nonappearance dismissal without costs is not the final disposition (physical pages 2–3; operative ending SCR 420A).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Union of India/respondent on the constitutional challenge

Appeal restored, heard on merits and dismissed with costs

Constitutional challenge to the historical audit qualification rejected

No assessment-specific tax, penalty or audit-compliance decision; income-tax practitioners' authorised-representative role remains expressly recognised.

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

05 AKHB REVIEW POINT

Keep the professional qualification for a statutory audit separate from eligibility to represent an assessee. Preserve the historical accountant definition actually described, including its then-existing Companies Act category, rather than reducing the entire definition to a modern shorthand.

The Rs 40 lakh and Rs 10 lakh figures are historical sales/turnover/gross-receipts thresholds, not measures of taxable income. A bounded check of the Department-hosted 2011 compilation confirms that those figures were later replaced from 1 April 2011 (physical page 330, footnotes 6 and 8). That check is sufficient to show that the judgment's figures must not be advertised as current; it does not certify today's thresholds or qualifications.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, bench and appeal from Madras High Court

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Reporter identity and unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Initial dismissal, restoration, historical thresholds and accountant definition

Source url: [Open cited source](#)

Pdf pages: 2

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Training-based classification, retained representation right and dismissal with costs

Source url: [Open cited source](#)

Pdf pages: 2; 3

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Bounded historical statutory check

Source url: [Open cited source](#)

Pdf pages: 330; 331

Paragraphs: Section 44AB on physical pages 330–331 (printed 1.289–1.290), particularly clauses (a) and (b), the accountant cross-reference and amendment footnotes 6 and 8 recording replacement of forty/ten lakh rupees by sixty/fifteen lakh rupees from 1 April 2011. No independent section 288 review or review of other sections on those pages.

Source role: historical statutory compilation

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.P. Bharucha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 3 PDF pages; SHA-256

bfc1ecf7d8a0403fcb0bbc3e774db4d797500291d27638f6ec0ea4481e12e041. Original bytes preserved.

Complete unnumbered judicial text physical pages 2–3/SCR 419–420, beginning with Bharucha J.; physical page 1 contains reporter headnote and appellate identity. The initial nonappearance dismissal on page 2 is followed by express restoration and a merits hearing; the operative ending is the later dismissal with costs on page 3.

Open cited source rendition

The judicial text expressly says “Restored” after the initial nonappearance dismissal. Final disposal on physical page 3 is with costs, unlike the superseded opening entry.; The headnote and a later reasoning sentence use “income” when discussing the amounts; the detailed statutory description on physical page 2 specifies business sales/turnover/gross receipts and professional gross receipts. The note follows that description.; The historical accountant definition includes persons covered by section 226(2) of the Companies Act. No current scope of that category or later section 288 amendments has been verified.; No assessment year is identified. The Court does not decide an individual taxpayer’s liability, audit default, penalty, audit form or deadline.

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 is not verified. Only the bounded 2011 statutory-compilation section 44AB check on physical pages 330–331 was performed; no later judgment or amendments after that compilation were independently reviewed. No current audit threshold, present accountant-eligibility rule or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 3

SHA-256: bfc1ecf7d8a0403fcb0bbc3e774db4d797500291d27638f6ec0ea4481e12e041

official department hosted historical statutory compilation - PDF pages: 1251

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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