

Prem Dass v. Income Tax Officer

Criminal Appeal No. 518 of 1992

[1999] 1 SCR 507 | 1999-02-09

Whether the High Court could reverse acquittal on the search presumption without displacing the evidentiary findings or establishing the criminal ingredients of sections 276C and 277.

276C | 277 | 132(4A) | 271(1)(c) | 279(1A) | 273A (Revenue argument)

Two-judge bench | G.B. Pattanaik, J. | M.B. Shah, J.

Assessment years: 1980-81

Criminal acquittal on evidence; no universal penalty-cancellation rule

The search presumption did not establish the charged criminal ingredients on this record, and the High Court had not displaced the acquittal reasons. The penalty findings were material, but every reduction or cancellation does not automatically decide every prosecution. Section 278E was not analysed; its separate presumption must not be silently erased. The source contains an awkward acquittal-standard sentence. No current-law or comprehensive later-treatment clearance is asserted.

01 FACTS OF THE CASE

The appellant was convicted over the AY 1980-81 return of his transport business under sections 276C and 277, with concurrent six-month sentences and the stated fine/default consequence. The Sessions Judge acquitted him on benefit of doubt, finding vague charges and insufficient evidence of the relevant books, entries and criminal intent. The assessment appellate order had reduced the estimated commission rate from 10% to 8% (physical pages 3–4).

The Tribunal in the penalty proceedings found a difference of estimates rather than concealment or inaccurate particulars and cancelled the penalty. The High Court nevertheless reversed acquittal, relying on the ITO's evidence and section 132(4A). Revenue told the Supreme Court that a reference application against the penalty cancellation remained pending (physical pages 4–5 and 8).

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

02 DISCUSSION BY THE HON'BLE COURT

An appeal against acquittal permits review of evidence, but a different plausible view is not enough: the acquitting court's reasons must be addressed and shown to be unreasonable. The High Court had not displaced the Sessions Judge's actual findings and instead relied on a presumption concerning seized books and their contents (physical pages 5–6).

That presumption did not by itself establish a wilful attempt to evade tax or a knowingly false verification. On the evidence the criminal ingredients were not proved beyond reasonable doubt. The penalty finding that the dispute concerned estimates was also material. The Court rejected Revenue's narrow reliance on the absence of a section 273A order in this setting and invoked the legislative intent of section 279(1A) together with the evidentiary acquittal. It did not decide that every penalty reduction automatically terminates every prosecution (physical pages 6–9).

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

03 JUDICIAL DECISION

The criminal appeal was allowed. The High Court order was set aside, the appellant was acquitted and the Sessions Judge's acquittal affirmed. His bail bond stood cancelled. No separate costs or tax-refund direction appears (physical page 9).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Accused assessee

Appeal allowed; acquittal restored; bail bond cancelled

Final criminal acquittal on this evidentiary record

No general rule invalidating search evidence, equating every civil penalty outcome with acquittal, or removing every statutory criminal presumption.

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

05 AKHB REVIEW POINT

Separate evidence of a document's ownership or contents from proof of the charged offence's state of mind. Preserve the actual acquittal reasons, the evidence led, and the factual basis of the penalty decision. This case is stronger than a bare claim that an assessment was estimated: the appellate criminal findings and the affirmative no-concealment finding mattered.

The judgment does not analyse section 278E. The separately checked 2011 text of that provision contains a culpable-mental-state presumption and a defence, and section 279(1A) refers expressly to specified penalty relief under section 273A. Do not treat Prem Dass as silently eliminating those provisions, decide their temporal application without checking the particular prosecution, or convert its criminal mens-rea reasoning into a universal civil-penalty rule. Later law and treatment remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, charges, sentences and acquittal grounds

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3; 4

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Acquittal-review standard and unresolved reference submission

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Criminal ingredients versus search presumption

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Penalty finding, section 279(1A) discussion and final acquittal

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Separate statutory presumptions and specified penalty-relief provision

Source url: [Open cited source](#)

Pdf pages: 984

Paragraphs: Sections 278E and 279(1A); footnotes 25 and 31

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

G.B. Pattanaik, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 9 PDF pages; SHA-256

b617b827df8be1456600bf3c08365250176c8090e18aae8989fa495649a6927b. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–9/SCR 509–515; criminal findings, party submissions and editorial summaries distinguished.

[Open cited source rendition](#)

The source describes assessment-rate reduction and penalty cancellation in different passages. The 8% rate concerns income estimation, not a new criminal-sentencing or penalty rate.; The pending section 256 reference against the penalty cancellation is a recorded Revenue submission. No later outcome is supplied.; A sentence on physical page 6 prints that grounds are unreasonable while saying acquittal should not be disturbed; the immediately preceding standard and actual application require an unreasonable acquittal view before interference. The isolated wording is not adopted as the rule.; The Court's section 279(1A) discussion forms part of this acquittal analysis; no unconditional cancellation rule for all assessment or penalty relief is inferred.; The source does not analyse section 278E or its applicability. The later statutory comparison is not a retroactive adjudication of that issue here.

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. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 9](#)

SHA-256: b617b827df8be1456600bf3c08365250176c8090e18aae8989fa495649a6927b

[official department hosted historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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