

Commissioner of Income Tax, Bhopal v. Hindustan Electro Graphites Ltd., Indore

Civil Appeal No. 2454 of 1998

[2000] 2 SCR 506 | 2000-03-27

Whether additional tax could be imposed because a return correct under the law at filing omitted export assistance made taxable only by a later retrospective amendment.

28(iib) | 143(1)(a) (historical) | 143(1A) (historical) | 256(1) | 234 (as printed; interest cross-reference unresolved)

Two-judge bench | D.P. Wadhwa, J. | Ruma Pal, J.

Assessment years: 1989-90 (principal narrative; an isolated receipt-year sentence says 1988-89)

Additional tax distinguished from retrospective substantive tax

The Court rejected this historical additional-tax consequence, while acknowledging the retrospective charge on cash assistance itself. Do not infer a universal mens-rea condition for all civil charges or interest. Sati Oil's checked later discussion records J.K. Synthetics' reservations and an evasion-based qualification. The source conflicts on one assessment year and chronology and gives an unresolved section 234 interest label. Costs are unquantified; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The company filed its return on 29 December 1989, before the stated due date of 31 December 1989, without offering Rs 1,31,41,030 of cash compensatory support to tax. The principal narrative identifies AY 1989-90. The Finance Act, 1990 later inserted the export-cash-assistance charging clause retrospectively from 1 April 1967 (physical pages 3-4).

The AO made a summary adjustment, charged additional tax under historical section 143(1A), and also charged the interest described in the report. The Tribunal deleted the additional tax and interest; the High Court answered Revenue's reference for the assessee. Revenue appealed. The report's isolated receipt-year and order-date inconsistencies remain disclosed rather than reconstructed (physical pages 4-5).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court adopted Modern Fibotex's approach to a return that was correct when filed: the taxpayer could not anticipate a future retrospective enactment. It expressly acknowledged the retrospective charge on the assistance itself while examining the distinct additional-tax consequence (physical pages 5–7).

Additional tax under the provision bore the characteristics of a penalty. In these circumstances imposing it automatically would punish a taxpayer without even a mistaken filing position. The Court referred to the particular statutory settings of Cement Marketing and Onkar Saran; those discussions do not establish that every civil tax charge universally requires criminal mens rea. The reasoning and conclusion focus on the additional tax generated by this later amendment (physical pages 7–9).

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

03 JUDICIAL DECISION

Revenue's appeal was dismissed with costs. The reference was answered affirmatively for the assessee and the challenged additional-tax levy was rejected. The Court did not invalidate section 28(iib)'s retrospective substantive charge or undertake a separate interest computation (physical page 9).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Revenue appeal dismissed with costs; assessee-favouring reference answer sustained

Final historical additional-tax ruling on later retrospective inclusion

No universal bar on retrospective tax, no comprehensive rule for every penalty or interest section, and no quantified refund/costs direction.

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

05 AKHB REVIEW POINT

Separate the substantive tax charge from the consequence imposed for the earlier return. Preserve the filing date, the law then applicable and the precise later amendment. The Court's protection of this correct original filing does not exempt the underlying receipt from a valid retrospective charging law.

Later context is not one-dimensional. Sati Oil Udyog (2015), paragraphs 18–22, reproduces this reasoning, records J.K. Synthetics' reservations and different facts in paragraph 19, and ultimately construes section 143(1A) by requiring an attempted tax evasion proved by Revenue while upholding the clarificatory loss amendment. That checked discussion must accompany reliance on this historical additional-tax case. J.K. Synthetics is attributed through Sati, not presented as independently reviewed here. No broad present penalty or interest immunity is inferred.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, filing, amendment and printed chronology

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Additional tax, interest label and appellate course

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Correct-at-filing principle and distinguished statutory settings

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Additional-tax reasoning and dismissal with costs

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Bounded later treatment and evasion qualification**Source url:** [Open cited source](#)**Pdf pages:** 17; 18; 19; 20; 21; 22; 23; 24**Paragraphs:** Paragraphs 17–22**Source role:** bounded later judicial comparison

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

D.P. Wadhwa, 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

df1e7def5209181b083347e5ab081758c64d9154b5047198db7a6929484cd223. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–9/SCR 508–514, with statutory footnotes, earlier-case facts and editorial text distinguished.

[Open cited source rendition](#)

The source caption prints “Hindustan Elector Graphites”; Sati Oil paragraph 18 cites the same case as “Hindustan Electro Graphites”, (2000) 3 SCC 595, and reproduces its reasoning. The public conventional name and literal source spelling are linked rather than treated as separate cases.; The main return and due-date narrative specifies AY 1989-90; the receipt sentence on page 3 says AY 1988-89. The discrepancy is preserved.; The AO order is printed as 5 May 1990, while the Finance Act assent is printed as 31 May 1990. The note does not silently change either date or explain the chronology without evidence.; The source repeatedly labels interest “section 234”, and its footnote reproduces a tax-payment provision rather than identifying a modern 234A/B/C charge. No exact interest subsection or calculation is invented.; Modern Fibotex’s Rs 8 lakh receipt and its disclosure details are that precedent’s facts, not additional findings about this company.; Later Sati Oil records reservations in J.K. Synthetics; the note does not claim this decision was simply overruled or comprehensively reaffirmed for every purpose.

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: df1e7def5209181b083347e5ab081758c64d9154b5047198db7a6929484cd223

[bounded later judicial comparison - PDF pages: 24](#)

SHA-256: a5be27b00de327c27bc9fe3f820b6f728f8b9bf274de0137993aecfb67aff166

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