

Commissioner of Income Tax, Mumbai v. Bhupen Champak Lal Dalal and Anr., etc.

SLP (CrI.) No. 2430 of 2000 / SLP (CrI.) No. 2995 of 2000 / SLP (CrI.) No. 3141 of 2000
[2001] 2 SCR 178 | 2001-02-27

Should the Court interfere with an interim stay of twelve tax-prosecution cases where pending assessment appeals had a definite bearing on the criminal allegations, notwithstanding the legal independence of tax and criminal proceedings?

2 judges | S. Rajendra Babu, J. | S.N. Phukan, J.

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

Reasoned SLP dismissal about interim stay; no automatic prosecution bar

Tax and criminal proceedings are independent. This judgment left a case-specific interim stay undisturbed because the tax appeals had a definite bearing on the criminal allegations; it does not require every prosecution to wait. All three SLPs were dismissed without leave being shown. No quashing, guilt decision, final writ disposal or merger is inferred. Sasi's later section 276CC comparison is bounded; comprehensive later treatment, current-law applicability and 2025 mapping remain not_verified.

01 FACTS OF THE CASE

Twelve criminal cases were lodged against the respondents before the Metropolitan Magistrate for offences punishable under the Income-tax Act, 1961. Appeals from the related assessments were pending before either the Commissioner (Appeals) or the Income-tax Appellate Tribunal. Relying on the relevance of appellate tax findings to the criminal allegations and the need to avoid conflicting decisions, the respondents sought stays (physical 2/SCR 179 D-F).

The Magistrate made a limited interim order: recording of evidence was to continue, but orders framing charge, discharging the accused or acquitting them were to await final decisions in the tax appeals. The Sessions Court rejected revision petitions. The High Court then entertained the writ petition, issued rule and granted an interim stay of the criminal proceedings. Thus the High Court writ remained pending at the reported stage; the judicial body does not say it was dismissed (physical 2 G-3 B/SCR 179-180).

Revenue filed three SLPs against that interim order. The report gives no assessment years, alleged sums or specific offence sections. The twelve underlying cases are not twelve separately listed Supreme Court appeals. The lead appellate recital identifies the 29 April 1999 Bombay High Court order and the conversion of the High Court proceeding printed as Crl. A. No. 613/99 into its writ proceeding; it does not record grant of Supreme Court leave.

Source: [reported judgment / paragraphs SCR 179 D-180 B: twelve cases, Magistrate partial stay, revision and pending writ / PDF pages 2, 3 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

Rajendra Babu J., for the two-judge Court, first affirmed that prosecution and proceedings under the Act are independent. Pending tax proceedings therefore create no legal impediment, by themselves, to criminal proceedings continuing. In the same passage the Court adopted a fact-sensitive waiting principle where the appellate authorities' conclusions have relevance and bearing on conclusions in the criminal case. The two propositions must be read together (physical 3/SCR 180 C-D).

The Court explained G.L. Didwania as a prosecution whose factual foundation depended on the income attribution rejected by the Tribunal. It described Uttam Chand as a case in which the Tribunal's finding that the firm was genuine undermined the false-return prosecution. It also cited P. Jayappan for the proposition that pending reassessment does not bar institution of prosecution and that an unduly long adjournment merely because another proceeding may have a bearing is improper. These descriptions supply the present Court's reasoning; they do not establish that the same factual findings, offences or relief were present here (physical 3 D-H/SCR 180).

Applying its principle, the Court stressed that no quashing was sought in this case. It found that the results of the tax appeals would have a definite bearing on the allegations against these respondents and therefore held the High Court justified in granting the interim order. It declined interference and found it unnecessary to discuss the additional authorities cited by counsel. The report supplies no further particulars explaining that factual dependence, so none can be invented (physical 4/SCR 181 A-B).

Source: [reported judgment / paragraphs SCR 180 C-181 B: independent proceedings, conditional waiting, three authorities and application / PDF pages 3, 4 / judicial text](#)

03 JUDICIAL DECISION

All three SLPs were dismissed without costs. The Court left the High Court's interim stay undisturbed on the stated definite-bearing basis. It neither quashed the prosecutions nor decided the assessments, guilt, discharge or acquittal, and did not finally dispose of the pending High Court writ. No Supreme Court leave grant or resulting merger is recorded (physical 4/SCR 181 A-B).

Source: [reported judgment / paragraphs SCR 181 A-B: no quashing sought; three petitions dismissed; no costs / PDF pages 4 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Respondents at the interim-stay stage

Three SLPs dismissed; High Court interim stay left undisturbed; no costs

Reasoned SLP disposal concerning interim stay, with a materially applied conditional procedural principle; no tax or criminal merits determination

Prosecution and tax proceedings remain independent; pendency alone does not create a stay. Waiting depends on a definite relevant bearing, and Jayappan's no-undue-delay caution remains part of the reasoning. No quashing, guilt finding, automatic discharge, appeal conversion or merger inference.

Source: [reported judgment / paragraphs Three-SLP roster and actual interim procedural result / PDF pages 2, 3, 4 / judicial text](#)

05 AKHB REVIEW POINT

Identify the criminal allegation, the specific question before the tax appellate authority and why its answer could matter. This judgment supports a fact-sensitive interim assessment of that relationship, not a rule that filing an assessment appeal suspends every prosecution. Keep the Magistrate's permission to continue evidence separate from the High Court's broader interim stay, and distinguish refusing to disturb that stay from finally deciding the prosecution.

The later Sasi Enterprises judgment supplies a bounded offence-specific caution. Paragraph 28 (physical 24-25/SCR 198-199) rejects postponing institution of a section 276CC non-filing prosecution merely because assessment appeals remain pending; paragraph 31 still directs completion of the criminal trial. Those selected passages are an analogous later qualification, not identified direct treatment or overruling of Bhupen. Bhupen does not specify its offence sections, so section 276CC cannot be imported into its facts.

For a live case, verify the charge, governing statutory version, actual tax finding, operative stay and procedural stage. Later outcome of these twelve cases and the High Court writ has not been checked. Comprehensive later treatment, current-law applicability and Income-tax Act, 2025 mapping remain not_verified.

Source: [reported judgment / paragraphs Conditional rather than automatic waiting and limited relief / PDF pages 3, 4 / judicial text](#); [bounded later analogous judgment / paragraphs Sasi paragraphs 28 and 31: non-filing prosecution pendency distinction and trial direction / PDF pages 24, 25 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: SLP (Crl.) No. 2430 of 2000

Outcome: Dismissed under common order; interim stay not disturbed; no costs; no leave grant shown
2.

Case number: SLP (Crl.) No. 2995 of 2000

Outcome: Dismissed under common order; interim stay not disturbed; no costs; no leave grant shown
3.

Case number: SLP (Crl.) No. 3141 of 2000

Outcome: Dismissed under common order; interim stay not disturbed; no costs; no leave grant shown

Costs: No costs

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Actual prosecutions for offences under the 1961 Act and pending assessment appeals. No specific 1961 Act offence section is identified by the judicial body. Scope is the relationship of proceedings and interim stay, not elements of a particular offence.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S. Rajendra Babu, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Case: Sasi Enterprises v. Assistant Commissioner of Income Tax

Decision date: 2014-01-30

Relationship: later offence specific analogous comparison not direct treatment

Result: Paragraph 28 rejects assessment-appeal pendency as a reason not to initiate section 276CC prosecution. Paragraph 31 orders trial completion; no final conviction asserted. Does not establish direct overruling of Bhupen.

Source pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 24; 25

Paragraphs: Paragraph 28 and paragraph 31

Source role: judicial text

Limit: Six selected text pages and four images only; no fresh full Sasi review, exhaustive citator or modern procedure verification.

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Code of Criminal Procedure, 1973, section 482 appears only in discussion of G.L. Didwania; Reporter headnote labels CrPCsection 151; not adopted as a judicial holding

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 4 PDF pages; SHA-256

ac828c9df045076b21f502f33d137ccc52afb1da8b3a0d1a02980b5f86c9e646. Original bytes preserved. All four physical pages and images read. Reporter title/headnote physical 1/SCR 178, appellate recital physical 1 H-2 B. One Rajendra Babu J. judgment physical 2 C-D/SCR 179 through physical 4 B/SCR 181. Three SLPs dismissed; twelve underlying criminal cases. No adjacent case. Judicial text has no numbered paragraphs; page/band pins used. Headnote anomalies explicitly separated.

Open cited source rendition

full primary text read: True; all primary page images reviewed: True; source integrity verified: True; actual statutory scope verified: True; all listed proceedings accounted for: True; comprehensive later treatment verified: False; current law verified: False; mapping 2025 verified: False; independent QA complete: True; parent full prose approval: True

Printed SCR heading, date, bench and complete proceedings checked against primary images. Frozen catalogue INSC identifier not independently authenticated. Judicial paragraphs unnumbered.

The editorial headnote says the High Court dismissed the writ, but judicial body SCR 180 A-B says it entertained the writ, issued rule and granted interim relief. Body controls.; The headnote prints Code of Criminal Procedure, 1973, section 151. Judicial body does not adopt that provision; section 482 appears only in its account of Didwania. No unsupported section 151 jurisdiction holding is created.; Didwania's SCC opening page differs within report: headnote 723, body 724. Retained as a source citation anomaly; no independent citation correction claimed.; Three Supreme Court SLPs concern twelve underlying criminal cases. No leave grant, appeal conversion or final High Court writ disposal appears.; No offence sections, assessment years, tax amounts or detailed underlying facts are supplied. No quoted-authority facts are assigned to the present respondents.; Sasi was read only in specified passages and is an offence-specific analogous comparison, not direct Bhupen treatment or exhaustive later-law review.

No assessment years, tax amounts, offence sections or complaint numbers are specified for these respondents. Facts from cited authorities are not imported.

All three matters are printed as SLPs. No leave grant, conversion to appeals or merger finding appears. Lead appellate recital refers to Bombay High Court order 29 April 1999 in Crl. A. No. 613/99 converted into Crl. W.P. No. 587 of 1999; that is the High Court procedural description, not an SC appeal conversion.

STATUTORY SCOPE

No Income-tax Act, 2025 crosswalk, commencement/savings verification or automatic carryover. Complete amendment history and present applicability remain unverified.

LATER TREATMENT

Source checked 2026-10-05. Only the expressly recorded bounded comparisons or statutory checks are verified. Comprehensive later treatment, current-law applicability and 2025 mapping remain not_verified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 4

SHA-256: ac828c9df045076b21f502f33d137ccc52afb1da8b3a0d1a02980b5f86c9e646

bounded later analogous judgment - PDF pages: 25

SHA-256: a50b0eabc159059485dacd16465e9112cd05fab51e3b89e8b346d605bd3cbcf5

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