

M/s. General Finance Co. and Anr. v. Assistant Commissioner of Income Tax, Punjab

Criminal Appeal No. 442 of 1994

[2002] Supp. 2 SCR 106 | 2002-09-04

Whether a prosecution under section 276DD, complained of on 31 March 1989 for earlier section 269SS violations, could continue after section 276DD's omission on 1 April 1989 by relying on General Clauses Act section 6.

269SS | 276DD (omitted historical prosecution provision) | 271D (penalty distinguished)

Two-judge bench | S. Rajendra Babu, J. | P. Venkatarama Reddi, J.

Assessment years: 1986-87

Historical omitted offence; later omission/repeal premise qualified

This quashed the section 276DD prosecution after its omission from 1 April 1989; the complaint had been filed on 31 March. Section 269SS itself was not the omitted provision, notwithstanding the headnote error, and the Court did not cancel penalty liability or bar all modern tax prosecutions. *Fibre Boards (2015)*, paragraphs 24 and 27–31, later discusses *General Finance* and rejects the categorical omission/repeal premise through its stated statutory and precedent analysis. Comprehensive later treatment and current law remain unverified.

01 FACTS OF THE CASE

The appellants received deposits on various dates in 1985 and disclosed them in the return for AY 1986-87. Revenue alleged non-compliance with section 269SS and filed a section 276DD complaint before the Chief Judicial Magistrate, Sangrur on 31 March 1989. The prosecution provision was omitted from 1 April 1989. Thus the complaint preceded the omission; the live objection concerned continuation after it (SCR 107–108).

The appellants sought quashing under section 482 CrPC and Article 227. The Punjab and Haryana High Court's 6 May 1994 judgment in Criminal Miscellaneous No. 8708-M/1992 rejected the challenge because the provision had existed during the relevant accounting year. In the Supreme Court, Revenue argued that section 6 preserved liabilities and proceedings, and that the omission/repeal distinction in *Rayala Corporation* and *Kolhapur Canesugar* should be reconsidered (SCR 108–110).

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

02 DISCUSSION BY THE HON'BLE COURT

Revenue's submissions treated express omission as a form of repeal, relied on the saving of accrued liabilities, and cited section 6A and statutory-interpretation texts. The Court described those submissions as forceful but considered itself constrained by the two Constitution Bench decisions in Rayala Corporation and Kolhapur Canesugar. As it applied those decisions in 2002, section 6 covered repeal rather than omission, so it could not save this prosecution after section 276DD had been omitted (SCR 108–111).

The Court declined to refer the question to a larger Bench, regarding the affected pre-1 April 1989 prosecution cases as transitional and limited. It expressly separated prosecution from penalty: omission of the prosecution provision did not itself affect levy of penalty. That observation did not impose, affirm or quantify a section 271D penalty on these appellants (SCR 110).

This account states what General Finance decided at that time. The independently checked later Fibre Boards comparison, recorded below, materially qualifies the omission/repeal premise; it must not be collapsed into the original Court's discussion or suppressed when publishing the historical rule.

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

03 JUDICIAL DECISION

The appeal was allowed. The High Court order was set aside and the prosecution proceedings were quashed. The final paragraph supplies no separate costs direction or penalty order (SCR 111).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Appellant accused

Criminal appeal allowed; High Court order set aside; prosecution proceedings quashed

Final quashing on the historical omission/savings ground, not a trial acquittal on proof of the underlying deposits

The result concerns omitted section 276DD and this transitional prosecution. It does not eliminate section 269SS, cancel penalty liability, or bar all present or future tax prosecutions. The legal premise requires the later Fibre Boards qualification below.

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

05 AKHB REVIEW POINT

Identify the exact offence provision, alleged transaction date, complaint date, commencement of the omission/repeal, the saving language, and any distinct penalty provision before using a historical prosecution decision. Here the complaint was filed one day before section 276DD disappeared, and the Supreme Court quashed continuation on the then-adopted omission/savings premise. It did not hold the deposits compliant or extinguish every civil consequence.

The later, bounded comparison is essential: Fibre Boards (2015) expressly discusses General Finance's refusal to refer, then treats the omission/repeal statement in Rayala's rule context as obiter, considers section 6A and M.A. Tulloch, and holds that repeal in sections 6 and 24 includes express omission. This undermines use of General Finance's omission/repeal premise as an unqualified present rule. Fibre Boards concerned a tax-notification/re-enactment setting; this note does not invent an order reopening General Finance or decide any particular modern prosecution. A complete later-treatment audit remains necessary.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and criminal appeal

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Cover, jurisdiction and author line

Source role: reported metadata and judicial text

2.

Topic: Transactions, complaint timing and omission

Source url: [Open cited source](#)

Pdf pages: 2; 3

Paragraphs: Unnumbered opening judicial paragraphs; SCR 107–108

Source role: judicial text

3.

Topic: Revenue arguments distinguished from holding

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Paragraphs: Unnumbered submissions; SCR 108–110

Source role: judicial text

4.

Topic: Refusal of reference, penalty distinction and historical holding

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: Unnumbered final reasoning; SCR 110–111

Source role: judicial text

5.

Topic: Exact quashing order

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: Final judicial paragraph; SCR 111

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S. Rajendra Babu, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Case id: sc-2015-08-11-fibre-boards

Title: M/s. Fibre Boards (P) Ltd. Bangalore v. Commissioner of Income Tax, Bangalore

Decision date: 2015-08-11

Relationship: Later source-checked qualification of the omission/repeal premise used in General Finance; no comprehensive citator conclusion

Source asset id: 2015_8_906_943

Source url: [Open cited source](#)

Source sha256: 0625cf9fb5d932dcdd8a7cc0538400af94a87650348f90cd1a29e3b0d1872815

Source pdf pages: 38

Review scope: Paragraphs 15–35 read for this comparison; direct General Finance discussion at paragraph 24 and operative omission/repeal analysis at paragraphs 27–31. Registered source exact hash/size/pages reverified.

Comparison: Fibre Boards recounts that General Finance found force in the reconsideration argument but declined reference because the prosecution cases were transitional. It then rejects the categorical omission/repeal distinction through obiter, section 6A/per incuriam and earlier M.A. Tulloch reasoning, expressly including repeal by omission within sections 6 and 24. Do not describe this as a fresh disposal of the old criminal appeal or a universal rule that every repealed rule survives.

Pinpoints

1.

Topic: Direct discussion of General Finance

Source url: [Open cited source](#)

Pdf pages: 29

Paragraphs: 24

Source role: judicial text

2.

Topic: Omission/repeal qualification

Source url: [Open cited source](#)

Pdf pages: 31; 32; 33

Paragraphs: 27–31

Source role: judicial text

3.

Topic: Section 24 statutory-continuity setting

Source url: [Open cited source](#)

Pdf pages: 23; 27; 35

Paragraphs: 15, 18, 35

Source role: judicial text

SOURCE & VERIFICATION

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

Identified source rendition: 6 PDF pages; SHA-256

18c1fa63becb508ade3a4baaf5e7b6afbcecd7222482e7621dae9f15cb0713d9. Original bytes preserved.

Complete unnumbered judicial text on physical pages 2–6/SCR 107–111, from the author line through quashing of the prosecution. Prior headnote/jurisdiction/appearances distinguished. Detailed Revenue submissions separated from the Court's constrained adoption of the earlier cases. No adjacent judgment.

[Open cited source rendition](#)

The primary headnote on physical page 1/SCR 106 says the quashing request rested on omission of section 269SS. The judicial text on physical page 3/SCR 108 and final order on page 6/SCR 111 clearly identify section 276DD as the omitted prosecution provision; the note does not repeat the headnote error.; The complaint was filed on 31 March 1989, before the omission effective 1 April 1989. Do not recast this as only an attempted new complaint after omission.; The long omission/repeal and section 6A discussion at SCR 108–110 is chiefly Revenue's submission. The Court found it forceful but followed the earlier decisions and declined a larger-Bench reference.; The later Fibre Boards source is registered as a bounded comparison with exact hash, bytes, physical pages and paragraph pins; its full judicial text was not independently reread in this batch. No unqualified still-good-law label is used.

The prosecution was under historical section 276DD for alleged section 269SS violations in 1985/AY 1986-87. Section 276DD was omitted with effect from 1 April 1989 by the Direct Tax Laws (Amendment) Act, 1987; section 269SS was not the omitted prosecution provision. General Clauses Act, 1897 section 6 was the asserted saving; section 6A formed part of Revenue's argument. Section 271D was mentioned to distinguish penalty consequences, not to decide a penalty order in this appeal. The petition invoked CrPC section 482 and Constitution Article 227.

STATUTORY SCOPE

Historical provisions identified from the judgment only. No automatic mapping to the Income-tax Act, 2025 or certification of present statutory text.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment remains not_verified. A bounded comparison to the exact registered Fibre Boards (2015) rendition, paragraphs 15–35, has been checked and materially qualifies the omission/repeal premise. No current-prosecution or Income-tax Act, 2025 certification is supplied.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 6](#)

SHA-256: 18c1fa63becb508ade3a4baaf5e7b6afbecd7222482e7621dae9f15cb0713d9

[reported judgment bounded comparison - PDF pages: 38](#)

SHA-256: 0625cf9fb5d932dcdd8a7cc0538400af94a87650348f90cd1a29e3b0d1872815

[Related note: M/s. Fibre Boards \(P\) Ltd. Bangalore v. Commissioner of Income Tax, Bangalore](#)

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.

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