

Dr. (Mrs.) Renuka Datla and Others v. Commissioner of Income Tax, Karnataka and Another

Civil Appeal No. 4731 of 2000 / Civil Appeal No. 4732 of 2000 / Civil Appeal No. 4733 of 2000

[2002] Supp. 5 SCR 166 | 2002-12-17

Whether unpaid appellate modifications of a pre-31 March 1998 determination qualified as tax arrears under KVSS, and whether the pending Tribunal appeal could be disregarded because some items were conceded or interest had earlier been waived.

143(3) | 234A | 234B | 234C | 271(1)(c) (incidental source recital; no penalty merits decided)

Two-judge bench | Ruma Pal, J. | B.N. Srikrishna, J.

Assessment years: 1992-93 (lead appeal; separate years for companion appellants not specified)

Closed KVSS: eligibility reconsideration, not an automatic settlement

This decision applies the Kar Vivad Samadhan Scheme in the Finance (No. 2) Act, 1998. It protects eligibility on the stated arrears and pendency facts and orders consideration within eight weeks; it does not itself grant a certificate, immunity or merits tax relief. The report contains inconsistent filing cut-offs, assessment dates, item numbers and interest-section references, retained in the cautions. Current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

The three appeals challenged rejection of declarations under the Kar Vivad Samadhan Scheme, 1998. The Court used Dr. Renuka Datla's AY 1992-93 assessment as the lead account. An original assessment dated 31 March 1995 was partly modified after the CIT(A)'s order. Amounts computed by the November 1997 order, as modified in January 1998 after an interest-waiver direction, were paid before 31 March 1998. Some remitted additions were later conceded, but the Tribunal appeal also challenged confirmed additions and the levy of interest (SCR 171-172).

On 31 December 1998 the AO recomputed the liability, again including interest under sections 234A, 234B and 234C; the demand remained unpaid. The lead declaration was filed on 28 January 1999. The designated authority rejected it because there were supposedly no arrears on 31 March 1998, the interest dispute had disappeared after waiver, and the December demand was treated as a new demand. The Andhra Pradesh High Court sustained the rejection (SCR 172-173).

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

02 DISCUSSION BY THE HON'BLE COURT

Section 87(m)(i) attaches the 31 March 1998 cut-off to the original determination, not to the later modification giving effect to an appellate order. It does not require that modification itself to have been completed by the cut-off. The relevant modified liability must remain unpaid on the declaration date. The December 1998 determination here was a modification of the earlier assessment for KVSS purposes, rather than a fresh, unrelated assessment. A concession as to computation does not itself take the amount outside the definition of tax arrears (SCR 169–171, 173–174).

Eligibility nevertheless also required qualifying pending proceedings under section 95(i)(c). The designated authority could not decide the likely outcome of an existing appeal and refuse the Scheme on that basis. The High Court's premise that the whole demand had been conceded was also wrong: the demand included unconceded confirmed items and disputed interest that remained before the Tribunal. Thus, on these facts there was an appeal pending in respect of the relevant arrears. The Court did not dispense with the statutory pendency condition or adjudicate the tax additions and interest on their merits (SCR 174).

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

03 JUDICIAL DECISION

The Court allowed all three appeals, set aside the High Court orders and quashed the designated authority's rejections. It directed consideration of the declarations under section 88 within eight weeks of the Supreme Court judgment, with the same direction in the factually similar companion appeals. There was no order as to costs (SCR 174E–G).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assesseees on eligibility and reconsideration

Three appeals allowed; rejection orders quashed; declarations to be considered within eight weeks; no costs

Final resolution of the identified eligibility objections, followed by administrative reconsideration of the declarations

No settlement amount or certificate was issued by the Court; no automatic immunity, general extension of filing time or merits deletion of additions/interest was ordered.

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

05 AKHB REVIEW POINT

Keep three dates and two questions separate: original determination, appellate modification and declaration; then ask whether the modified amount remained unpaid and whether the required proceeding was pending. A demand modified after the cut-off is not automatically a new demand, while an unpaid demand alone does not establish Scheme eligibility. The authority's view that the appellant will lose an appeal is not a substitute for applying the statutory pendency test.

This was an eligibility reconsideration decision under a closed Scheme, not a completed-settlement finality case. The eight-week direction concerned processing the declarations. It did not judicially grant every substantive concession claimed. The source's inconsistent dates, item numbers and interest-section references should not be silently used to build a corrected assessment schedule.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, bench and appeal numbers

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: Unnumbered text; SCR 166 and 168

Source role: reported metadata and judicial text

2.

Topic: Scheme and original-determination cut-off; quoted deadline

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: Unnumbered text; SCR 169–171

Source role: judicial text

3.

Topic: Assessment, payment, pendency and source discrepancies

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Unnumbered text; SCR 171–173

Source role: judicial text

4.

Topic: Concession, pendency, reconsideration and costs

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Unnumbered text; SCR 173F–174G

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ruma Pal, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Finance (No. 2) Act, 1998 — Kar Vivad Samadhan Scheme, 1998

CONNECTION WITH INCOME-TAX ACT PROCEEDINGS

The dispute concerns liabilities, assessments or recovery under the Income-tax Act, 1961, but the settlement/disclosure provisions belong to the separately identified Finance Act.

PROVISIONS OF THE SEPARATELY IDENTIFIED SETTLEMENT OR DISCLOSURE SCHEME

87(m)(i); 87(f); 88; 89; 95(i)(c)

HISTORICAL SCHEME STATUS

Closed historical scheme. This note does not describe an available present-day settlement or disclosure facility.

SOURCE & VERIFICATION

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

Identified source rendition: 9 PDF pages; SHA-256

07a837117bf8e8e5475fe58241851da4c095b3821ae198bc34e95914be3cc498. Original bytes preserved.

Complete unnumbered judicial text on physical pages 4–9/SCR 169–174; case numbers on page 3. Preceding editorial headnote excluded. No adjacent judgment.

[Open cited source rendition](#)

The opening judicial account says the Scheme operated until 31 January 1999 and the lead declaration was filed on 28 January 1999, while the quoted section 88 and analytical list retain 31 December 1998. The note preserves this printed discrepancy and does not derive a fresh filing rule from the unamended quotation (SCR 169–173).; The original determination is repeatedly dated 31 March 1995, but SCR 173G refers to an assessment order dated 29 March 1996. No independent record has been used to reconcile the dates.; SCR 172 prints sections 243A, 243B and 243C in two intermediate recitals while the issue, opening account and holding concern sections 234A, 234B and 234C. These printed references were visually checked; they are not separate holdings on section 243.; The item-number lists at SCR 172 overlap or differ, including item (viii) in both the confirmed and remitted groups. No item-by-item reconstructed schedule is asserted.; SCR 173A calls the section 271(1)(c) proceedings criminal. This incidental printed description is not adopted as a holding classifying that penalty provision, and no criminal or penalty outcome is stated.; The body's section 87(f) is visually legible although corpus OCR renders it as 87(t). The note uses the visual reading; section 95(i)(c) is also printed as 95(1)(c) in places.

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. Comparisons with the lower-court proceedings and cited precedents are confined to the treatment expressly recorded in this judgment; those separate decisions have not been independently reviewed here. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

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

SHA-256: 07a837117bf8e8e5475fe58241851da4c095b3821ae198bc34e95914be3cc498

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