

Commissioner of Income Tax, Chandigarh v. M/s. Pearl Mech. Engg and Foundry Works (P) Ltd.

Civil Appeal No. 1196 of 2001

[2004] Supp. 1 SCR 339 | 2004-04-16

Whether personal service of section 269D(2) notices on transferor and transferee before the section 269D(1) Gazette publication made the Chapter XXA acquisition proceedings illegal or without jurisdiction.

269D(1) | 269D(2) | 269E | 269H | 269C

Two-judge bench | S. Rajendra Babu, J. | G.P. Mathur, J.

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

Earlier personal service only; Gazette publication remains essential

Under historical Chapter XXA, the Court treated these personal notices served before actual Gazette publication as an irregularity, supported by the preserved objection period. It did not validate absent or late mandatory publication, abolish notice/hearing rights, or cure every tax-notice defect. Revenue won the sequence issue; no independent valuation finding or new remand is supplied. The Tribunal date and High Court docket year conflict in the source. Current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

Pearl sold plot 427, Industrial Area-A, Ludhiana to Oswal Woolen Mills Ltd. on 5 February 1980 for Rs 10,05,000. The Government valuer estimated fair market value at Rs 18,31,000. Personal notices under section 269D(2) were served on 10 October 1980, before publication of the acquisition notice in the Gazette on 15 November 1980. After hearing objections, the competent authority ordered acquisition (paragraph 2, SCR 341).

The transferor and transferee succeeded before the Tribunal principally because personal service had preceded Gazette publication. Revenue's section 269H appeal was dismissed by the Punjab and Haryana High Court on 21 July 1999 on the same jurisdictional premise. The Supreme Court considered the sequence issue under the historical Chapter XXA scheme; no assessment year or separate adjudication of market value was supplied (paragraphs 1–4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court treated section 269D(1) Gazette publication as the mandatory foundation for commencement and acquisition jurisdiction. Under the statutory text reproduced, the commencement period was nine months from the end of the month of registration. Personal notice under section 269D(2) served natural justice, enabling objections, and the provision did not expressly require that such service occur only after Gazette publication (paragraphs 4–6).

Section 269E protected the objection period by allowing the later expiry of 45 days from publication or 30 days from personal service for the identified notice recipients. Earlier personal service therefore did not deprive these parties of the Gazette-based objection period. On the sequence question before it, the Court regarded the premature service as a procedural irregularity which did not nullify proceedings validly commenced by publication. It did not dispense with Gazette publication or convert the commencement limitation into a directory requirement (paragraphs 5–6).

The Court agreed with the supporting High Court authorities described in paragraph 7, rejected the contrary view in *Des Raj and Vinod Gupta* as a misapplication of the Full Bench approach, and rejected the sequencing inference drawn in *Satya Narain Prakash Punj*. These earlier cases are reviewed here only as described in this judgment; their separate original texts were not independently audited (paragraphs 7–8).

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

03 JUDICIAL DECISION

Revenue's appeal was allowed. The Punjab and Haryana High Court's judgment and order dated 21 July 1999 and the Tribunal order printed as dated 16 August 1992 were set aside. The operative paragraph does not order a new valuation, quantify tax, direct a remand, or expressly award costs (paragraph 9).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the notice-sequence issue

Appeal allowed; High Court and Tribunal orders set aside

Final rejection of the contention that these early personal notices rendered the entire acquisition proceedings jurisdictionally invalid

Not an independent determination of fair market value or tax-evasion intent, not a universal cure for defective service, and not authority to omit or delay the mandatory Gazette publication.

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

05 AKHB REVIEW POINT

Separate the act that commences statutory acquisition jurisdiction from subsequent or ancillary steps that notify affected parties. This case depended on actual Gazette publication, the historical objection-period safeguard, and the limited complaint that personal service came first. It should not be cited as making every income-tax notice defect harmless, as permitting complete denial of notice or hearing, or as curing missing/time-barred publication.

Use the historical Chapter XXA text for the transfer in question. Do not substitute current reassessment rules, another property-acquisition regime or a modern deadline. The judgment does not independently adjudicate the valuer's estimate or state additional acquisition findings. Keep the source's Tribunal-date/High Court docket-year anomaly visible rather than rewriting the litigation chronology.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, procedural dates and property figures

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: Cover; jurisdiction; paragraphs 1–2, SCR 340–341

Source role: reported metadata and judicial text

2.

Topic: Historical statutory scheme and notice/objection provisions

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: Paragraphs 3–5, SCR 342–344

Source role: historical statute and judicial text

3.

Topic: Mandatory publication, objection time and irregular service sequence

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Paragraphs 5–6, SCR 344–346

Source role: judicial text

4.

Topic: Treatment of High Court authorities and exact relief

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10

Paragraphs: Paragraphs 7–9, SCR 346–348

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Historical Chapter XXA acquisition scheme. Sections 269D and 269E drive the notice-sequence and prejudice analysis; section 269H supplies the High Court appeal history. Section 269C is reproduced as statutory context.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

G.P. Mathur, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATIONHon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 10 PDF pages; SHA-256

e84a9747c17566d53fad55ba1192fb413a4c8d72dd1bf8df3069fd5ff18c6459. Original bytes preserved.

Entire judicial paragraphs 1–9 on physical pages 3–10/SCR 341–348, including historical statutory extracts and descriptions of High Court authorities. Pages 1–2 and opening of page 3 are reporter material. No adjacent judgment.

Open cited source rendition

This concerns Chapter XXA acquisition following a 1980 property transfer; no income-tax assessment year is stated or inferred.

The historical section 269D(1) publication requirement and commencement limitation remain foundational in the Court's reasoning. The irregularity holding concerns earlier personal service under section 269D(2).; Paragraphs 1 and 9 print the Tribunal order date as 16.8.1992, while the jurisdiction recital identifies High Court I.T.A. No. 14 of 1982. The source does not explain this chronology tension; no corrected Tribunal date is invented.; The printed sale consideration is Rs 10,05,000 and estimated value Rs 18,31,000; the note does not treat the estimate as an independently upheld Supreme Court valuation.; The Gazette date has been checked against the page image as 15.11.1980; personal service is printed as 10.10.1980. No separate registration-date finding is invented to recalculate limitation.; The OCR repeatedly confuses the letter D with zero in section 269D. References are taken from the heading and statutory context. On the last page the phrase does now show is an apparent printed error in context; no new contrary sequencing holding is drawn from it.; No income-tax assessment year, new hearing direction, quantified liability or express costs order appears. Comprehensive later treatment and current statutory applicability are not verified.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory and treaty text effective for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only expressly identified bounded comparisons, if any, have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKSreported judgment - PDF pages: 10

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