

Commissioner of Income Tax, Jalpaiguri v. Om Prakash Mittal

Civil Appeal No. 5334 of 1999

[2005] 2 SCR 263 | 2005-02-22

Whether section 245I finality or the absence of a general review power barred the Commission from deciding Revenue's application under section 245D(6) alleging that a settlement was obtained by fraud or misrepresentation.

245A(b) | 245C | 245D(1) | 245D(4) | 245D(6) | 245F | 245I | 139 (comparison only)

Three-judge bench | Ruma Pal, J. | Arijit Pasayat, J. | C.K. Thakker, J.

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

Historical settlement inquiry; fraud was not decided

This is a rehearing decision under the historical settlement regime, not a Supreme Court finding that the assessee committed fraud or that immunity stood withdrawn. The headnote overstates the factual result and reverses the tax-threshold direction; the judicial text controls. Printed chronology is not silently repaired. Later checked legislation records the Commission's cessation, the new-application bar and a pending-application Interim Board mechanism; this note offers no present filing entitlement. Comprehensive later treatment and 2025 statutory mapping remain unverified.

01 FACTS OF THE CASE

The assessee claimed that seven Sikkim residents had advanced Rs 1.50 crore in cash on 31 March 1985. A settlement order under section 245D(4), dated 18 September 1990, accepted the loan explanation. Revenue later relied on a CBI inquiry, alleged denials by lenders, doubts about their financial capacity and disputed certificates to seek a declaration under section 245D(6) that the settlement was void, with withdrawal of the benefits and immunities (physical pages 5–7 / SCR 267–269).

The Commission rejected that request. It treated reconsideration of loan genuineness as an impermissible review by a later Bench, considered the material inadequate and accepted the assessee's submissions. Revenue challenged that approach; the assessee invoked finality under section 245I and argued that only the Commission acting on its own could initiate the fraud inquiry. These contested accounts were not resolved as findings of fraud by the Supreme Court (pages 6–8).

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

02 DISCUSSION BY THE HON'BLE COURT

Under the historical Chapter XIX-A scheme, a settlement application was not automatically admitted. Full and true disclosure of previously undisclosed income, together with its manner of derivation, was a jurisdictional prerequisite. The Court explained that settlement had to conform to mandatory provisions of the Act; the statutory scheme did not allow an applicant to cure an inadequate initial disclosure by revising the application as if it were an income-tax return (pages 8–15 / SCR 270–277).

Section 245D(6) required a settlement order to provide that it would be void if the Commission subsequently found that it had been obtained by fraud or misrepresentation. The Commission had to decide that issue, but the statute did not require the inquiry to originate only suo motu. Revenue could place supporting material before the Commission. Section 245I could not be read to extinguish that express safeguard (page 14 / SCR 276 A–E).

A properly invoked fraud/misrepresentation inquiry was therefore distinct from a general review or an appeal by one Bench over another. The Commission had misunderstood that distinction and had reached its loan-genuineness conclusion without adequate reasons. Whether Revenue could establish the alleged misrepresentation remained for the Commission on rehearing (page 14 / SCR 276 E–F; page 16).

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

03 JUDICIAL DECISION

The Court directed the Commission to rehear and decide the matter afresh, permitting both parties to place further material supporting their respective positions. It expressly declined to express any opinion on the facts. The appeal was disposed of with costs made easy; the Court did not itself declare the settlement void or withdraw immunities (physical page 16 / SCR 278).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the procedural/jurisdictional issue only

Appeal disposed of; Commission directed to rehear and decide afresh

No Supreme Court determination of fraud, loan genuineness, final tax or withdrawal of immunity

The fraud/misrepresentation safeguard is not a general power to reopen every concluded settlement. The decision addresses the historical statutory forum and version.

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

05 AKHB REVIEW POINT

Frame a challenge to a historical settlement around the precise statutory defect and supporting material. A request to determine whether a settlement was procured by fraud or misrepresentation must be distinguished from a request to reconsider the merits merely because Revenue disagrees with the result. The deciding authority must give reasons and must determine the facts; the existence of a CBI report does not itself supply the Court's finding.

The full-disclosure observations belong to the historical settlement scheme. The separately checked later texts record the Commission's cessation and the new-application bar from 1 February 2021, alongside a separate pending-application Interim Board mechanism. This note does not invite a new settlement application or certify which transitional remedy is available in a present dispute.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal and judicial opening

Source url: [Open cited source](#)

Pdf pages: 1; 4; 5

Paragraphs: Cover; jurisdiction; unnumbered opening

Source role: reported metadata and judicial text

2.

Topic: Printed chronology, alleged loans and competing accounts

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8

Paragraphs: Unnumbered facts and submissions; SCR 267–270

Source role: judicial text

3.

Topic: Historical scheme and statutory extracts

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10; 11; 12; 13

Paragraphs: Unnumbered discussion; sections 245A, 245C, 245D and 245F; SCR 270–275

Source role: judicial text including quoted statute

4.

Topic: Fraud inquiry distinct from general review; disclosure prerequisites

Source url: [Open cited source](#)

Pdf pages: 14; 15

Paragraphs: Unnumbered reasoning; SCR 276–277

Source role: judicial text

5.

Topic: Rehearing, facts reserved and costs

Source url: [Open cited source](#)

Pdf pages: 16

Paragraphs: Closing unnumbered paragraphs; SCR 278

Source role: judicial text

6.

Topic: Bounded comparison: no revision and qualification of relief

Source url: [Open cited source](#)

Pdf pages: 28; 29; 30; 31

Paragraphs: Ajmera Housing paragraphs 26–31; SCR 210–213

Source role: bounded judicial comparison

7.

Topic: Bounded later settlement-forum legislation

Source url: [Open cited source](#)

Paragraphs: Year 2021 heading and complete Finance Act 2021 section 64: cessation of the Commission on or after 1 February 2021.

Source role: bounded later statutory comparison

8.

Topic: Bounded later settlement-forum legislation

Source url: [Open cited source](#)

Paragraphs: Published version labelled 2024 (No. 1): section 245C(5) and footnote 36, prohibiting new applications on or after 1 February 2021.

Source role: bounded later statutory comparison

9.

Topic: Bounded later settlement-forum legislation

Source url: [Open cited source](#)

Paragraphs: Published version labelled 2025: section 245D(9)–(10), the pending-application Interim Board mechanism. No broader transitional-relief or later-case audit.

Source role: bounded later statutory comparison

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Arijit Pasayat, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED RELATED DECISIONS AND THEIR LIMITS

1.

Case id: sc-2010-08-20-ajmera-housing-full-disclosure

Title: Ajmera Housing Corporation v. Commissioner of Income Tax

Source url: [Open cited source](#)

Checked passages: Physical pages 21 and 26–31; counsel's citation at paragraph 17 and judicial paragraphs 26–31

Finding: Ajmera's own reasoning says the historical scheme does not contemplate revision of the income disclosed in a settlement application. Paragraph 31 makes an adverse disclosure finding but expressly limits further interference because the Commissioner did not challenge the relevant part of the High Court order.

Limit: Bounded thematic comparison, not a claim that Ajmera determined Mittal's facts or a comprehensive citator result. The reference to Mittal on page 21 occurs in counsel's submission.

SPECIFIED STATUTORY COMPARISONS AND TEMPORAL LIMITS

1.

Source urls: <https://www.incometaxindia.gov.in/w/section-64-92>; <https://www.incometaxindia.gov.in/w/section-245c-47>; <https://www.incometaxindia.gov.in/w/section-245d-49>

Checked provision: Finance Act 2021 section 64; published section 245C(5) with footnote 36; published section 245D(9)–(10)

Finding: The checked texts record cessation of the Settlement Commission and a statutory new-application bar from 1 February 2021, with separate provisions applying to pending applications allotted to an Interim Board.

Limit: Bounded later legislation only. No comprehensive transitional-relief, subsequent-litigation or Income-tax Act, 2025 audit.

SOURCE & VERIFICATION

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

Identified source rendition: 16 PDF pages; SHA-256

f4585f863cf590f0a9694a36ec8af3b52dabf0713bed85450f6a1991e8c29a04. Original bytes preserved.

Complete unnumbered judicial text on physical pages 5–16 / SCR 267–278, beginning with Arijit Pasayat, J. and ending with disposal and costs made easy. Physical pages 1–4 and the upper part of page 5 contain editorial/report material. Historical statutory quotations on pages 9–13 are distinguished from the Court's own reasoning. No adjacent judgment.

[Open cited source rendition](#)

No assessment-year number is supplied. The judicial narrative describes financial year 1985–86, an alleged cash receipt on 31 March 1985, an application dated 13 January 1989 and searches on 8–9 February 1989. Those dates are retained without reconciling the accounting period or reversing their sequence.

The cover headnote incorrectly suggests Revenue established misrepresentation; the judicial ending expressly leaves all factual questions open on rehearing. The judicial text controls.; The cover headnote says the additional tax must not exceed the prescribed limit. The quoted section 245C and the Court's discussion instead use an exceeds threshold. No filing threshold is derived from the headnote.; The judicial narrative prints the application date as 13 January 1989, before the searches of 8–9 February 1989. It also describes financial year 1985–86 while reciting the alleged receipt on 31 March 1985. These recitals are not silently corrected or converted into an assessment year.; CBI conclusions, alleged lender denials and disputed certificates are described as the material relied on by Revenue, not adopted Supreme Court findings against the taxpayer or named lenders.; The report's historical thresholds, payment periods and interest rate quotations do not describe present filing options. OCR often renders 245D as 2450 and 245I as 2451; the imaged lettered statutory references control.

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. Any expressly labelled bounded comparison is limited to its identified text and is not a current-law or Income-tax Act, 2025 certification.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 16](#)

SHA-256: f4585f863cf590f0a9694a36ec8af3b52dabf0713bed85450f6a1991e8c29a04

[bounded judicial comparison - PDF pages: 34](#)

SHA-256: e5895371b0fb4e1b66a3b99be4060576b5e671974b2897cd836d0e24a54c72bc

[official statutory html](#)

SHA-256: a5b129f53579039494df30669d1821b98f8225def247566eeae5b347dcd13999

[official statutory html](#)

SHA-256: 80ae4a15974d16a9ad8ddf6808d5c60f3031b924fcf1e02294111c5768dd7acd

[official statutory html](#)

SHA-256: 75a66b32f7437e381f0d744e5fe1947734a9f11b024b2d6540edda3b83d38d44

[Related note: Ajmera Housing Corporation & Anr. Etc. Etc. v. Commissioner of Income Tax](#)

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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