

Amin Chand Payarelal v. Inspecting Assistant Commissioner, Income Tax and Ors.

Civil Appeal No. 4114 of 2001

[2006] Supp. 5 SCR 730 | 2006-09-05

Whether filing a belated return under the then section 139(4) and paying interest relieved the assessee from penalty under the then section 271(1)(a), where the Court treated filing after the allowed or extended time as admitted.

139(1) | 139(2) | 139(4) | 139(8) | 271(1)(a) | 148 | 156

2 judges | Ashok Bhan, J. | Markandey Katju, J.

Assessment years: 1959-60, 1960-61, 1961-62, 1962-63, 1963-64, 1964-65, 1965-66

Historical late-return penalty; printed chronology requires caution

This ruling concerns AY 1959-60 to 1965-66 and the then sections 139(4)/271(1)(a). Later omission of 271(1)(a) and the historical saving in 271(5) must be distinguished. The printed filing table contains conflicting dates; the Court treated delay as admitted. Do not use this note as a present-day penalty formula. Comprehensive later treatment, current-law applicability and 2025 mapping remain not_verified.

01 FACTS OF THE CASE

The assessee challenged the Commissioner's order of 26 September 1974, the assessment and penalty proceedings, the section 156 demand and the penalty order of 7 October 1974. A Single Judge of the Calcutta High Court quashed the penalties and demands for assessment years 1959-60 through 1965-66. The Judge accepted two grounds: payment of interest barred the penalty, and the Inspecting Assistant Commissioner lacked authority to impose it. Before the Division Bench, however, the assessee did not dispute the Inspecting Assistant Commissioner's jurisdiction. The Division Bench on 28 September 2000 set aside the Single Judge's order and dismissed the writ petition, holding that interest payment alone did not remove penalty liability (physical 2-3/SCR 731 C-732 D).

The judgment prints a year-by-year filing chart. In the order due date / extended date / actual filing, its entries are: 1959-60, 18.06.1959 / 14.11.1959 / 04.02.1961; 1960-61, 20.06.1960 / 01.10.1962 / 30.08.1962; 1961-62, 30.06.1961 / 31.08.1962 / 05.10.1962; 1962-63, 04.08.1963 / 31.08.1962 / 05.10.1962; 1963-64, Nil / No application / 07.12.1964; 1964-65, 07.06.1964 / 30.09.1964 / 18.01.1965; 1965-66, 21.07.1965 / No application / 21.01.1966 (physical 5/SCR 734 A-C).

These are the printed values, not silently corrected dates. In particular, the 1960-61 actual date precedes its printed extended date, while the 1962-63 printed due date falls after both the extension and actual filing. Immediately below the chart the Court nevertheless treats lateness beyond the statutory or extended period as admitted. This note reports that judicial premise and the internal source discrepancies; it does not claim that every printed row independently proves lateness. No penalty quantum is stated.

Source: [reported judgment / paragraphs SCR 731C-732D: litigation history and unpressed jurisdiction objection / PDF pages 2, 3 / judicial text](#); [reported judgment / paragraphs SCR 734A-D: date chart and stated judicial premise / PDF pages 5 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

Bhan J. examined the scheme as it stood at the relevant time, distinguishing a voluntary or extended return under section 139(1) from a belated return under section 139(4). The quoted 139(4) permitted filing before assessment within its separately specified outer periods: four years from the end of assessment years commencing on or before 1 April 1967, three years for the year commencing 1 April 1968, and two years for later years. Those historical limits were not an extension of the original due date that erased a completed default (physical 3-4/SCR 732 D-733 A).

The Court reproduced the then section 271(1)(a), under which the relevant filing failure had to be without reasonable cause, and explained its different statutory/notice-based defaults. On the admitted-delay premise it distinguished interest, an accretion on capital, from penalty, a punishment for the default. Paying the former did not by itself answer liability to the latter (physical 4-5/SCR 733 B-734 D). The decision does not dispense with the historical provision's reasonable-cause language or make every late return automatically penal.

The assessee relied on Commissioner of Income Tax v. M. Chandra Sekhar, (1985) 151 ITR 433. The Court distinguished that decision because the returns there were attributable to an extension under section 139(1), whereas these returns were treated as 139(4) returns after the allowed or extended time. Chandra Sekhar was distinguished, not overruled (physical 5-6/SCR 734 E-735 B).

The Court then expressly followed Pradip Lamps Works v. Commissioner of Income Tax, (2001) 249 ITR 797. As quoted, that decision rejected the proposition that a return filed before assessment under 139(4) necessarily removed 271(1)(a) liability. The ability to file a valid belated return and immunity from an earlier filing default were separate questions. The quoted 6 February 1961 filing date belongs to Pradip Lamps Works, not to this assessee's chart (physical 6/SCR 735 C-H).

The Inspecting Assistant Commissioner's authority was not independently resolved as a contested Supreme Court issue: the body records that the jurisdiction objection was not pressed before the Division Bench. The substantive holding here concerns the effect of interest payment and 139(4), not a fresh jurisdiction rule (physical 3/SCR 732 A-C).

Source: [reported judgment / paragraphs SCR 732D-735H: provisions, distinction and adopted precedent / PDF pages 3, 4, 5, 6 / judicial text](#)

03 JUDICIAL DECISION

The Court held that penalty could be levied in this case under the historical section 271(1)(a), dismissed Civil Appeal No. 4114 of 2001 and affirmed the Division Bench's judgment. The parties were to bear their own costs (physical 7/SCR 736 A-B). It did not recompute a penalty amount or repair the filing chart.

Source: [reported judgment / paragraphs SCR 736A-B: holding and dismissal / PDF pages 7 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee's appeal dismissed; Calcutta Division Bench judgment affirmed

Historical substantive penalty ruling on the admitted-delay premise

Payment of interest and acceptance of a 139(4) return do not alone erase liability under the historical 271(1)(a). Reasonable-cause terms and statutory version remain material. No independently decided IAC jurisdiction rule; no present-day filing-penalty formula.

Source: [reported judgment / paragraphs SCR 736A-B: affirmation and own-costs direction / PDF pages 7 / judicial text](#)

05 AKHB REVIEW POINT

Separate the right to submit a belated return from the consequences of missing the original or validly extended due date. For this historical penalty, verify the applicable year, the extension order, actual filing and the reasonable-cause requirement. The Court's admitted-delay premise controls its disposal; the internally inconsistent printed chart should not be used for a fresh month-by-month penalty calculation without the underlying record.

The retained Department of Revenue-hosted 2011 compilation records omission of section 271(1)(a) with effect from 1 April 1989 at physical 951/printed 1.910, footnote 84. Its section 271(5), at physical 957/printed 1.916, preserves the pre-amendment provisions for AY 1988-89 and earlier years by reference to the provisions applicable to the relevant year. Omission therefore does not justify a blanket claim that historical proceedings disappeared. The same compilation's 139(8)(a)-(c), physical 693-694, contains later interest wording and confines that subsection to AY 1988-89 or earlier; those later words and rates are not silently substituted into this judgment's older statutory setting.

These are bounded historical compilation checks, with editorial amendment notes distinguished from enacted text. The original amending Gazettes and the complete intervening statutory chain were not checked. No direct later judicial treatment was independently established. Comprehensive later treatment, current-law applicability and Income-tax Act, 2025 mapping remain not_verified.

Source: [official department hosted historical statutory compilation / paragraphs Section 271\(1\)\(a\) omission and footnote 84 / PDF pages 951 / historical statutory compilation](#); [official department hosted historical statutory compilation / paragraphs Section 271\(5\) and footnote 31 / PDF pages 957 / historical statutory compilation](#); [official department hosted historical statutory compilation / paragraphs Section 139\(8\)\(a\)-\(c\), later version and temporal limit / PDF pages 693, 694 / historical statutory compilation](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 4114 of 2001

Outcome: Dismissed; Division Bench judgment affirmed; parties bear their own costs

Costs: Parties to bear their own costs

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Historical return-filing and penalty provisions actually construed: 139(4) and 271(1)(a), contrasted with 139(1); 139(2)/148 occur in statutory quotation and 156 in the demand history. Later 271(5) saving is a bounded editorial statutory check, not a holding in this case.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ashok Bhan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Authority: Department of Revenue-hosted 2011 Income-tax Act compilation

Relationship: later statutory version and historical saving not judicial overruling

Result: Records 271(1)(a) omission from 1 April 1989, 271(5) saving for AY 1988-89 and earlier, and later 139(8) wording/temporal limit.

Source pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 951

Paragraphs: Section 271(1)(a) omission and footnote 84

Source role: historical statutory compilation

2.

Source url: [Open cited source](#)

Pdf pages: 957

Paragraphs: Section 271(5) and footnote 31

Source role: historical statutory compilation

3.

Source url: [Open cited source](#)

Pdf pages: 693; 694

Paragraphs: Section 139(8)(a)-(c), later version and temporal limit

Source role: historical statutory compilation

Limit: Bounded compilation comparison only; no complete amendment chain, primary amending-Gazette verification, current-law opinion or 2025 mapping.

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Direct Tax Laws (Amendment) Act, 1989: omission/saving as recorded in the retained 2011 compilation only

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 7 PDF pages; SHA-256

01f13a45a51250d0ad1902993b4fff68eba5364212fa8ac9427bf81789c34da8. Original bytes preserved. Entire seven-page report read in text and all seven images. Physical 1/SCR 730 is title, date, bench and editorial headnote; appellate recital and appearances on physical 2/SCR 731 A-C. One unnumbered Bhan J. opinion runs from physical 2/SCR 731 C through physical 7/SCR 736 B. Date table physical 5/SCR 734 A-C visually read. No adjacent case or separate opinion.

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. Catalogue INSC identifier not independently authenticated. Judicial paragraphs are unnumbered; physical-page/SCR-band pins used.

Source date chart at SCR 734 contains genuine printed chronology discrepancies; no editorial correction has been made. Court's admitted-delay statement is reported as its premise, not independently verified from all rows.; The historical 271(1)(a) quotation includes without reasonable cause. Do not turn the interest/penalty distinction into automatic strict liability for every late return.; Jurisdiction objection to the Inspecting Assistant Commissioner was not disputed before the Division Bench. No independent Supreme Court jurisdiction holding is claimed.; The quoted Pradip Lamps Works return date and other cited case facts are not assigned to this assessee. Separate originals of Pradip Lamps Works and the underlying High Court/assessment records were not independently reviewed.; Primary covers 1959-60 through 1965-66 but supplies no separate transition/savings analysis under 297; do not invent one.; No penalty quantum, rate calculation or subsequent implementation result is given.

All seven years are expressly printed in the body and date chart. Despite early assessment years, the Court decides the stated 1961 Act provisions; no separate section 297/repeal-and-savings holding is supplied. Printed date-chart anomalies are preserved below.

One appeal from Calcutta High Court Division Bench judgment dated 28 September 2000 in FMA 1160/1990. No connected appeal or separate opinion.

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 statutory/earlier-authority comparisons are verified. Targeted discovery did not establish direct later judicial treatment of this decision. This is not a finding that no such treatment exists. Comprehensive later treatment, current-law applicability and 2025 mapping remain not_verified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 7](#)

SHA-256: 01f13a45a51250d0ad1902993b4fff68eba5364212fa8ac9427bf81789c34da8

[official department hosted historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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