

M/s. Toyota Motor Corporation v. Commissioner of Income Tax

Civil Appeal No. 5313 of 2008

[2008] 12 SCR 943 | 2008-08-25

The Supreme Court dismissed Toyota's appeal with observations, leaving the High Court's remand in place. On remand, the Assessing Officer had to consider all relevant aspects, including any material already placed by the assessee, and pass a reasoned order. The Court declined to interfere at that stage; it did not decide whether Toyota was liable to penalty.

263 | 271C | 274

Two-judge bench | Dr. Arijit Pasayat, J. | Dr. Mukundakam Sharma, J.

Limited remand ruling

The stage-specific remand safeguards do not decide penalty liability or establish a general section 263 test.

01 FACTS OF THE CASE

The Assessing Officer had dropped penalty proceedings under section 271C read with section 274 without stating the basis. The Tribunal held that initiation of section 263 proceedings was impermissible in light of material purportedly placed by Toyota before the officer. The Delhi High Court, by its order of 2 April 2008 in ITA No. 166 of 2007, required the Assessing Officer to pass a reasoned order. Toyota argued that it should not be faulted if the officer failed to record reasons despite having the relevant material.

Source: [SCR 943 E-H; 944 A-D](#)

02 DISCUSSION BY THE HON'BLE COURT

The judgment records the High Court's view that the Tribunal could not supply the reasons the Assessing Officer should have recorded. The Supreme Court declined interference and expressly required the officer, on remand, to consider the relevant material and give reasons. That direction is the practical procedural holding: the remand required a fresh, reasoned consideration of the case, including the assessee's material.

The decision does not formulate a general test for section 263 or hold that every order lacking detailed reasons is automatically revisable. Nor does it finally validate a penalty, impose one, or give Toyota immunity from one. The reported judgment identifies no assessment year or amount.

Source: [SCR 944 A-E](#)

03 JUDICIAL DECISION

The Supreme Court dismissed Toyota's appeal with observations, leaving the High Court's remand in place. On remand, the Assessing Officer had to consider all relevant aspects, including any material already placed by the assessee, and pass a reasoned order. The Court declined to interfere at that stage; it did not decide whether Toyota was liable to penalty.

Source: [SCR 944 D-E, final substantive paragraph and dismissal](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal dismissed with observations after condonation of delay and grant of leave; High Court remand remains operative. Result: Appeal dismissed; underlying penalty merits remain open. Costs: No costs direction recorded. Scope: Reasoned remand direction; penalty liability not determined. Limit: The stage-specific remand safeguards do not decide penalty liability or establish a general section 263 test.

Source: [SCR 944 D-E, final substantive paragraph and dismissal](#)

05 AKHB REVIEW POINT

Use Toyota when a tax remand requires meaningful consideration of the taxpayer's existing evidence and an explained decision. Place the relevant material and submissions clearly before the officer and test the resulting order against those matters. Keep the Supreme Court's express direction separate from the High Court reasoning it recounts; any argument about the statutory conditions for revision needs its own authority.

Source: [SCR 944 D-E; editorial application of the remand direction](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

Two-page reported SCR copy; judicial text at SCR 943 F-944 E. The complete retained report was read. This is the retained public-mirror rendition; fresh remote authentication as a signed original is not claimed.

Open cited source rendition

STATUTORY SCOPE

Current statutory equivalence and Income-tax Act, 2025 applicability have not been verified. No automatic carry-over of this precedent is claimed.

LATER TREATMENT

Source checked 2026-10-06. This correction verified the 2008 judgment; no subsequent Toyota judicial decision was substantively verified.

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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