

Commissioner of Income Tax, Delhi v. Atul Mohan Bindal

Civil Appeal No. 5769 of 2009

[2009] 13 (ADDL.) SCR 464 | 2009-08-24

Whether the High Court's decision sustaining cancellation of section 271(1)(c) penalty could stand without reconsideration in light of Dharamendra Textile and Rajasthan Spinning, and whether absence of a mens rea requirement eliminated the statutory conditions for penalty.

271(1)(c) | 271(1), Explanation 1 | 260A

Two-judge bench; single opinion | Tarun Chatterjee, J. | R.M. Lodha, J.

Assessment years: 2002-03

IMPORTANT: CIVIL LIABILITY DOES NOT MAKE EVERY ADDITION PENAL; REMAND AND HISTORICAL STATUTORY LIMITS

Atul holds that mens rea is unnecessary for the civil penalty under section 271(1)(c), while expressly requiring the statutory conditions, including the relevant Explanation 1 inquiry. It remands to the High Court and does not finally impose or restore the Rs 7,75,211 penalty. Reliance Petroproducts later invokes Atul's conditions principle and rejects penalty merely because a legal claim failed when returned particulars were not found false; it confines the displacement of Dilip N. Shroff to the mens rea point. Departmental section 271(7) excludes assessments for AYs commencing on or after 1 April 2017. Do not automatically transplant this historical provision into a later penalty regime or the Income-tax Act 2025. Comprehensive later treatment, the remand's eventual result, current-law application and 2025 mapping remain NOT VERIFIED.

01 FACTS OF THE CASE

Atul Mohan Bindal filed his return for AY 2002-03 on 8 August 2002, declaring total income of Rs 1,98,50,021. A notice with questionnaire followed on 29 November 2002. During assessment, the Assessing Officer found Singapore salary from DHL International (S) PTE Ltd. of US\$ 36,680.79, reported as Rs 17,81,952. The assessee said US\$ 8,199.87, equivalent to Rs 3,98,350, had been withheld as tax there and he had believed that salary need not also be included in India. He then offered it for Indian tax (paragraph 4; physical pages 3-4/SCR 466-467).

Two other items were disputed: Rs 5,00,000 received from former employer Honeywell International (India) Pvt. Ltd., claimed as retrenchment compensation under section 10(10B), and Bank of India interest of Rs 22,812. The Assessing Officer rejected the exemption because the assessee was not a workman; the interest was offered for tax. The three additions produced assessed total income of Rs 2,21,54,785. A separate order dated 16 March 2003 imposed section 271(1)(c) penalty of Rs 7,75,211. The taxpayer accepted the assessment but appealed the penalty (paragraphs 4-5; physical page 4/SCR 467).

The CIT(A), by order of 22 August 2005, deleted the penalty as an inadvertent omission rather than concealment or inaccurate particulars. The Tribunal affirmed on 22 December 2006. Their reproduced reasons included asserted bona fide beliefs about Singapore tax and workman status, unavailable bank certificates, disclosure in the return's annexure and absence of false factual material. These are the lower authorities' findings as reproduced, not fresh Supreme Court findings conclusively exonerating the taxpayer (paragraphs 6-8; physical pages 4-7/SCR 467-470).

On 25 January 2008, the Delhi High Court dismissed Revenue's section 260A appeal with Rs 5,000 costs. Its focus included whether the assessment order disclosed valid satisfaction, the reason for starting penalty and the applicable limb of section 271(1)(c). It relied on Ram Commercial Enterprises and referred to approval in Dilip N. Shroff and T. Ashok Pai. Revenue appealed to the Supreme Court; the assessee did not appear there (paragraphs 3,9,16; physical pages 3,8,15/SCR 466,471,478).

Source: [reported judgment / paragraphs Paragraphs 3-9 / PDF pages 3, 4, 5, 6, 7, 8 / Judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

Lodha J. reproduced section 271(1)(c) and Explanation 1 as operative for the relevant year. Penalty depends on the requisite satisfaction that income particulars were concealed or inaccurate particulars furnished. Explanation 1 addresses a failure to explain, an explanation found false, or an unsubstantiated explanation coupled with failure to prove bona fides and disclosure of the material facts. In those specified circumstances, the addition or disallowance is deemed concealed income. The Court therefore retained both the substantive statutory conditions and the explanation/disclosure inquiry (paragraphs 10–11; physical pages 8–10/SCR 471–473).

The Court characterised the penalty as civil liability, albeit strict liability, and held that mens rea is not essential. Dharamendra Textile had rejected the contrary reasoning in Dilip N. Shroff because the distinction between civil penalty under section 271(1)(c) and prosecution under section 276C had been lost sight of. This removes an independent requirement to prove criminal intention; it does not establish that any assessment addition necessarily proves concealment or inaccurate particulars (paragraphs 11–12; physical pages 9–11/SCR 472–474).

The long paragraph 13 quotation from Rajasthan Spinning is essential to the limit. It rejects treating Dharamendra Textile as imposing penalty automatically for every nonpayment or short payment. The quoted discussion concerns Central Excise Act section 11AC: its applicability depends on its specified conditions, and its fixed quantum follows only once it applies. Atul then expressly states in paragraph 14 that section 271(1)(c)'s own conditions must exist. The excise provision's equal-duty quantum is not imported into income-tax penalty, and the nested quotations are not separate holdings or opinions issued in Atul (physical pages 11–14/SCR 474–477).

The High Court's reliance on the earlier authority therefore required reconsideration in light of Dharamendra Textile as explained by Rajasthan Spinning. The Supreme Court did not itself decide that the recorded satisfaction was sufficient, that every lower factual finding was false, or that the original penalty amount stood automatically revived. It directed the High Court to decide afresh within the identified legal framework (paragraphs 15–16; physical pages 14–15/SCR 477–478).

The later Reliance Petroproducts decision directly invokes Atul's requirement that the statutory conditions exist. It explains that Dilip N. Shroff was displaced on the mens rea point, while its discussion of the meanings of concealment and inaccurate particulars was not rejected wholesale. Reliance also holds that mere rejection of a legal claim does not, by itself, establish inaccurate particulars where the facts supplied in the return were not found incorrect, erroneous or false. That is a factual/legal-claim distinction, not immunity for all wrong claims or an abandonment of Explanation 1 (Reliance, paragraphs 7–12; physical pages 7–12/SCR 516–521).

The official departmental 2024(No. 2) text confirms section 271(7)'s nonapplication to

02 DISCUSSION BY THE HON'BLE COURT

assessments for AYs commencing on or after 1 April 2017. Its subsection(1B) also contains a distinct deemed-satisfaction rule. This note does not decide that rule's historical or procedural effect on the remand or on any later notice. Neither the penalty computation nor the full legislative transition to later regimes is certified.

Source: [reported judgment / paragraphs Paragraphs 10-16 / PDF pages 8, 9, 10, 11, 12, 13, 14, 15 / Judicial text; reported judgment bounded later comparison / paragraphs Paragraphs 7-12 / PDF pages 7, 8, 9, 10, 11, 12 / Bounded later comparison](#)

03 JUDICIAL DECISION

The appeal was allowed; the Delhi High Court judgment dated 25 January 2008 was set aside. The matter was remitted to that High Court for fresh consideration and decision in light of Dharamendra Textile and Rajasthan Spinning. As the assessee had not appeared, the Supreme Court made no order as to costs (paragraphs 15-16; physical pages 14-15/SCR 477-478).

The legal holding is that the penalty is civil and does not require mens rea, but section 271(1)(c)'s statutory conditions must still exist. The Court did not finally adjudicate the taxpayer's penalty liability, the validity of the satisfaction on the record, the exemption claim, the foreign-tax question or a recalculated amount. The earlier High Court's Rs 5,000 costs is procedural history, not a fresh Supreme Court award.

Source: [reported judgment / paragraphs Paragraphs 14-16 / PDF pages 14, 15 / Judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue to the extent of setting aside the High Court judgment and obtaining reconsideration

Civil Appeal 5769/2009 allowed; High Court judgment set aside; remand to the Delhi High Court for fresh consideration in the specified legal light; no order as to costs.

Reasoned statutory penalty principles determined; taxpayer-specific final penalty result left to fresh High Court decision.

No automatic reinstatement of Rs 7,75,211 penalty, final factual concealment finding, final valid-satisfaction ruling, or later-regime applicability determination.

Source: [reported judgment / paragraphs Paragraph 16 / PDF pages 15 / Judicial text](#)

05 AKHB REVIEW POINT

Analyse the chosen penalty limb, the return particulars, the explanation, substantiation, bona fides and disclosure separately. The absence of a mens rea requirement does not substitute for proving the statutory case. Conversely, an assertion of inadvertence is not automatically conclusive; it must be assessed within the governing Explanation 1 framework and the actual evidence. Keep the assessment's acceptance separate from the penalty inquiry.

For a rejected deduction or exemption claim, identify whether the facts themselves were wrong or withheld, or whether disclosed facts supported a legal claim that failed. Read Atul alongside Reliance Petroproducts; do not convert either into a slogan that every addition attracts penalty or that every rejected claim is immune. Likewise, do not transplant the excise section 11AC fixed-quantum language quoted in paragraph 13 into section 271's different statutory scheme.

In an Atul-specific history, obtain the post-remand High Court disposition before saying the taxpayer ultimately won or lost the penalty. In any new file, check the relevant AY, statutory version, satisfaction and notice requirements, including the effect of any deemed-satisfaction provision. Section 271(7) is an express temporal warning; this note supplies no later-regime equivalence, current-law certificate or Income-tax Act 2025 mapping. AKHB REVIEW POINT is editorial analysis.

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Costs: Supreme Court: no order as to costs because respondent did not appear. Earlier High Court Rs 5,000 costs recorded only as history of the judgment set aside.

Proceeding outcomes

1.

Case number: Civil Appeal No. 5769 of 2009

Appellant role: Revenue

Outcome: Allowed for remand to Delhi High Court

Remand target: Delhi High Court, ITA 1336/2007

Remand limits: Fresh consideration and decision in light of Dharamendra Textile and Rajasthan Spinning; section 271(1)(c) conditions preserved.

Pinpoint: Paragraphs 14–16; physical pages 14–15/SCR 477–478

SEPARATE JUDICIAL OPINIONS AND READING BOUNDARIES

1.

Author: R.M. Lodha, J.

Formal position: Single opinion for two-judge bench

Read scope: Complete paragraphs 1–16 including lower-order reproductions and nested quotation

Separate opinions: False

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

143: assessment proceedings; 10(10B): disputed exemption, not finally decided by Supreme Court; 276C: penal-prosecution contrast; 271(1B) and 271(7): later statutory caution only

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.M. Lodha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Case: CIT v. Reliance Petroproducts Pvt. Ltd.

Date: 2010-03-17

Source asset id: 2010_3_510_521

Pinpoints: Paragraphs 7-12; physical pages 7-12/SCR 516-521

Result: Directly applies Atul's statutory-condition principle, limits Dilip N. Shroff displacement to mens rea, and rejects automatic penalty for an unsuccessful legal claim on the stated facts.

Limits: No blanket rule for all inaccurate claims; no certification of the eventual Atul remand outcome or comprehensive citator status.

DATED OFFICIAL STATUTORY HTML COMPARISONS AND READING LIMITS

1.

Kind: bounded later statutory html

Title: Income-tax Act, 1961, departmental 2024 (No. 2) edition, section 271

Url: [Open cited source](#)

Source format: HTML

Version: Displayed 2024 (No. 2) edition, Hindi interface with English statutory text, Income-tax Act 1961

Accessed at: 2026-10-05T21:35:50Z

Full document read: False

Read bounds: Section/Act/edition identity, subsection(1)(c), Explanation 1, subsection(1B) and subsection(7) read in displayed lines 39-85,131-132 and 138-148. Reliance confined to subsection(7) nonapplication for assessments for AY commencing on or after 1 April 2017; subsection(1B) identifies a separate deemed-satisfaction rule requiring its own temporal analysis. No full historical amendment-chain or current-law audit.

Provenance: Official departmental HTML read within stated bounds; no raw HTML integrity hash, PDF pagination, Gazette verification or whole-Act certification asserted.

SOURCE & VERIFICATION

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

Identified source rendition: 15 PDF pages; SHA-256

d93e3c6fd741fb993c82ea2463a40445b0d24c05aba5fa72b833ef7adb253ed3. Original bytes preserved.

Open cited source rendition

full primary text read: True; all primary page images reviewed: False; material primary page images reviewed: True; source integrity verified: True; actual statutory scope verified: True; all listed proceedings accounted for: True; all authored opinions separately accounted for: True; material later treatment limits prominent: True; comprehensive later treatment verified: False; current law verified: False; mapping 2025 verified: False; independent QA complete: True; parent full prose approval: True
Cover, date, two-judge bench, appellate recital and judicial paragraphs verified. Catalogue identifier 2009INSC 1066 is metadata, not independently authenticated as a neutral citation. Reliance Petroproducts later cites the case as (2009)9SCC 589.

Expressly stated in paragraph 4, physical page 3/SCR 466. The salary-period description December-March 2002 occurs inside the reproduced CIT(A) order; it is not a second assessment year.

Single appeal. Delay was condoned and leave granted in paragraphs 1-2. No originating SLP number is printed in the report. Impugned Delhi High Court order: 25 January 2008, ITA 1336/2007.

STATUTORY SCOPE

No Income-tax Act 1961 to Income-tax Act 2025 equivalence or automatic precedent carryover. Bounded later judicial/statutory checks do not certify commencement, savings, transition or present application.

LATER TREATMENT

Source checked 2026-10-05. Direct later primary comparison with Reliance Petroproducts is verified within the stated bounds. The later course of Atul's remand, review proceedings and comprehensive subsequent judicial treatment are not verified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 15](#)

SHA-256: d93e3c6fd741fb993c82ea2463a40445b0d24c05aba5fa72b833ef7adb253ed3

[reported judgment bounded later comparison - PDF pages: 12](#)

SHA-256: cd0c2bdda6d6d60461e2090ae216bdb1309ba30c5208774a13dab2b1b8901045

[Income-tax Act, 1961, departmental 2024 \(No. 2\) edition, section 271](#)

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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