

Brij Lal & Ors. v. Commissioner of Income Tax, Jalandhar

Civil Appeal Nos. 516–527 of 2004 and connected proceedings (full list below)

[2010] 11 SCR 1167 | 2010-10-21

Under the material historical Chapter XIX-A provisions, whether advance-tax interest applies in settlement, whether section 234B runs to admission or final settlement, and whether section 154 permits reopening to impose omitted interest.

2(40) | 2(45) | 140A | 143 | 144 | 147 | 154 | 207 | 208 | 209 | 210 | 215 | 234A | 234B | 234C | 245A(b) | 245C | 245D(1) | 245D(2A) | 245D(2C) | 245D(4) | 245D(6) | 245D(6A) | 245D(7) | 245F | 245-I

Five-judge Constitution Bench | S.H. Kapadia, CJI | B. Sudershan Reddy, J. | K.S. Panicker Radhakrishnan, J. | Surinder Singh Nijjar, J. | Swatanter Kumar, J.

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

Historical interest and reopening rules; batch disposed without individual calculations

Under the law considered, section 234B stopped at the section 245D(1) admission order and section 154 could not reopen concluded settlements. Paragraph 14 also contains application-date wording; the note follows the explicit paragraph 16(2) conclusion. This is not a universal interest formula or a present forum rule: later sources show express rectification in 2011, settlement-interest changes in 2015, and the 2021 discontinuance/new-application bar. No individual appeal amounts were fixed. Comprehensive later treatment and current-law applicability remain unverified.

01 FACTS OF THE CASE

The Constitution Bench dealt with a batch of civil appeals and writ petitions referred by orders which the judicial text dates 14 December 2004 and 20 January 2005. The jurisdiction recital associates the lead Civil Appeal Nos. 516–527/2004 with a 7 March 2003 order of the Income Tax Settlement Commission, Kolkata. The Court did not give an individual account of the underlying income, assessment years or amounts for each proceeding (jurisdiction recital; paragraphs 1–3 and 17).

The batch concerned settlements in which interest under sections 234A and 234B had been waived or reduced while the Commission's power to do so was still disputed. Ghaswala later settled the mandatory character of the interest, but did not decide its terminal date. The Court also identified disagreement between the 2002 Hindustan Bulk Carrier and Damani Brothers rulings over that date. It reframed three questions: applicability of section 234B, section 245D(1) admission versus section 245D(4) final settlement as the endpoint, and section 154 reopening to levy omitted interest (paragraphs 2–3 and 15).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished advance-tax collection from ordinary assessment and from assessment by settlement. Although Chapter XIX-A was a self-contained procedural code, sections 245C and 245D incorporated computation of aggregate returned and additionally disclosed income, tax and the relevant interest machinery. The special settlement procedure did not exclude sections 234A, 234B and 234C. Their application remained subject to the qualifications explained in the judgment, including credit/payment effects under the relevant computation provisions (paragraphs 7–11).

Admission and final disposal were separate stages. Under the historical scheme, ordinary tax proceedings remained open until the Commission allowed the application to proceed under section 245D(1); a final order under section 245D(4) was not an ordinary assessment under sections 143(1), 143(3) or 144. The Court held that section 234B interest stopped at the section 245D(1) order, rather than continuing through to section 245D(4). It expressly separated this liability from interest under the then section 245D(2C) for late payment of additional tax and section 245D(6A) for late payment of tax under the final settlement. Its agreement with Damani Brothers on those different fields was qualified to that extent (paragraphs 10 and 12–14).

For rectification, the Court treated sections 245D(6) and 245-I as preserving finality of the settlement, with the historical fraud/misrepresentation exceptions. General powers in section 245F did not import section 154 into the concluded settlement procedure; unlike the Tribunal's express section 254(2) power, the then settlement scheme contained no corresponding rectification power. Review/recall and section 154 rectification were distinct. The unsettled law when the original orders were made, including controversy over the interest endpoint, was an additional reason against section 154 in this batch (paragraph 15).

Some sentences in paragraph 14 refer to the date of the settlement application, while its concluding discussion and the express conclusion in paragraph 16(2) specify the section 245D(1) admission order. The note preserves that internal wording tension and states the formal conclusion, rather than silently substituting the filing date or constructing a new interest calculation.

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

03 JUDICIAL DECISION

The Court answered: (1) sections 234A, 234B and 234C apply to settlement proceedings to the extent explained; (2) the section 234B endpoint under the provisions considered is the order under section 245D(1), not the section 245D(4) settlement order; and (3) the Commission cannot reopen a concluded settlement under section 154 to levy section 234B interest, particularly having regard to section 245-I. It answered the reference and disposed of the matters accordingly. It did not specify separate allowances/dismissals, quantified refunds or demands, or a fresh remand for each listed appeal or writ petition (paragraphs 16–17).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Mixed legal answers: Revenue on applicability of interest; assessee on the historical section 234B terminal point and section 154 reopening bar

Constitution Bench reference answered; the listed matters disposed of accordingly

Final answers on the referred legal issues; no proceeding-by-proceeding tax or interest quantification in this judgment

Historical statutory scheme only. No exemption from all interest, universal filing-date cutoff, current rate, general immunity from later express rectification powers, or uniform quantified relief for the entire batch. The source's formal admission-stage conclusion and internal wording caution must remain visible.

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

05 AKHB REVIEW POINT

Separate the three questions before applying the case: whether a statutory interest obligation exists, its lawful endpoint under the governing version, and whether a concluded order can be reopened by the particular power invoked. The failure of a section 154 reopening does not make the original interest obligation voluntary. Nor does the old section 234B cutoff extinguish distinct late-payment interest under the settlement provisions. Establish the application, admission, payment and final-order dates from the actual file; this judgment does not supply a universal computation.

Do not transplant the 2010 procedural scheme. The bounded sources checked below show the 2011 express rectification provision, the 2015 settlement-interest changes and the 2021 discontinuance of the Commission/new-application bar with separate pending-application arrangements. The precise applicable version and subsequent cases still need independent verification. Those later developments are editorial context, not holdings of this Court or an automatic crosswalk to the Income-tax Act, 2025.

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

APPEAL AND PROCEEDING NUMBERS

Civil Appeal Nos. 516–527 of 2004 / Civil Appeal Nos. 280–286 of 2005 / Civil Appeal Nos. 8324–8328 of 2004 / Civil Appeal Nos. 603, 990, 925 and 924 of 2005 / Writ Petition (C) Nos. 556 and 555 of 2004 / Civil Appeal Nos. 2247–2250, 923, 995 and 994 of 2005 / Writ Petition (C) Nos. 63, 61, 62 and 60 of 2005 / Civil Appeal Nos. 2246 and 3231–3232 of 2005 / Civil Appeal Nos. 3091, 3087, 3092, 4599–4601 and 528–531 of 2004 / Writ Petition (C) Nos. 325, 324 and 326 of 2004 / Civil Appeal No. 992 of 2007 / Civil Appeal No. 9174 of 2010 / Civil Appeal No. 532 of 2004 / Civil Appeal No. 604 of 2005

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Correct title, date, full bench and complete grouped proceedings

Source url: [Open cited source](#)

Pdf pages: 1; 14; 15

Paragraphs: Cover; jurisdiction/counsel; 1–3

Source role: reported metadata and judicial text

2.

Topic: Reframed legal questions and express historical-statute boundary

Source url: [Open cited source](#)

Pdf pages: 15; 16

Paragraphs: 2–4

Source role: judicial text

3.

Topic: Quoted assessment, advance-tax and interest provisions

Source url: [Open cited source](#)

Pdf pages: 16; 17; 18; 19; 20; 21; 22; 23; 24; 25; 26; 27; 28

Paragraphs: 4; sections 2(40), 2(45), 140A, 143, 154, 207–215, 234A–234C

Source role: judicial text

4.

Topic: Quoted historical settlement procedure and 2007 comparison

Source url: [Open cited source](#)

Pdf pages: 28; 29; 30; 31; 32; 33; 34; 35; 36; 37

Paragraphs: 4–6

Source role: judicial text

5.

Topic: Advance-tax liability, computation and ordinary assessment

Source url: [Open cited source](#)

Pdf pages: 37; 38; 39; 40; 41

Paragraphs: 7–9

Source role: judicial text

6.

Topic: Settlement stages, distinct interest fields and incorporated machinery

Source url: [Open cited source](#)

Pdf pages: 41; 42; 43; 44; 45; 46

Paragraphs: 10–11

Source role: judicial text

7.

Topic: Terminal point reasoning and preserved application/admission wording tension

Source url: [Open cited source](#)

Pdf pages: 46; 47; 48; 49; 50; 51

Paragraphs: 12–14

Source role: judicial text

8.

Topic: Finality, rectification and controversy at original orders

Source url: [Open cited source](#)

Pdf pages: 52; 53; 54

Paragraphs: 15

Source role: judicial text

9.

Topic: Formal answers and batch disposal

Source url: [Open cited source](#)

Pdf pages: 54

Paragraphs: 16–17

Source role: judicial text

10.

Topic: Bounded 2011 express rectification amendment

Source url: [Open cited source](#)

Pdf pages: 1155

Paragraphs: Finance Act 2011 section 30; printed 2.24

Source role: bounded later statutory comparison

11.

Topic: Bounded 2015 settlement-interest and rectification explanation

Source url: [Open cited source](#)

Pdf pages: 73; 74

Paragraphs: CBDT Circular 19/2015 paragraphs 48.4–48.7 and 49.5–49.6

Source role: bounded later statutory comparison

12.

Topic: Bounded later forum and pending-application texts

Source url: [Open cited source](#)

Paragraphs: Finance Act 2021 section 64, year heading and complete amendment

Source role: bounded later statutory comparison

13.

Topic: Bounded later forum and pending-application texts

Source url: [Open cited source](#)

Paragraphs: Published 2024 (No. 1) section 245C(5) and footnote 36

Source role: bounded later statutory comparison

14.

Topic: Bounded later forum and pending-application texts

Source url: [Open cited source](#)

Paragraphs: Published 2025 section 245D(9)–(10)

Source role: bounded later statutory comparison

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

234a / 234b / 234c: Applicability to settlement computations; the expressly reframed terminal-point and rectification questions concern section 234B

245c / 245d: Historical computation, admission and final settlement stages; the provisions quoted are expressly those at the material time, with the 2007 amendment separately discussed

154 / 245-i: Attempted reopening of concluded settlements and historical finality; later express section 245D(6B) power must be kept separate

245d(2c) / 245d(6a): Distinct historical liabilities for late payment of additional tax and of final settlement tax; no universal rates or periods inferred

140a / 207–215 / 143–147: Self-assessment, advance tax and ordinary-assessment machinery used to explain incorporation into the settlement scheme

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, CJI

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED STATUTORY COMPARISONS AND TEMPORAL LIMITS

1.

Source urls: [https://dor.gov.in/files/acts_files/IT%20Act%20\(English\)_0.pdf](https://dor.gov.in/files/acts_files/IT%20Act%20(English)_0.pdf)

Checked provision: Finance Act 2011, section 30

Finding: The government-hosted compilation reproduces insertion of section 245D(6B) from 1 June 2011: an express power to correct an apparent mistake in a section 245D(4) order, originally within six months of the order, with notice and hearing when liability is modified.

Limit: Proves the later express provision; does not determine its application to any concluded case or later extensions.

2.

Source urls: <https://www.incometaxindia.gov.in/documents/20117/6507196/CIRCULARN019-2015.pdf/e13bbcc6-5db2-6021-9202-48dc70fb85f0?t=1762867998946&version=1.0>

Checked provision: CBDT Circular 19/2015, paragraphs 48.4–48.7 and 49.5–49.6

Finding: The official circular explains that the 2015 section 234B(2A) amendment distinguishes additional tax disclosed in an application from further income determined in the final settlement, with separate endpoints and rectification adjustments, effective 1 June 2015. It also explains the revised section 245D(6B) time mechanism.

Limit: Bounded official explanation only; no ruling on retroactivity, a particular pending application, current rate or entire amendment history.

3.

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); published section 245D(9)–(10)

Finding: The checked texts record the Commission ceasing to operate and a statutory new-application bar from 1 February 2021, with a separate Interim Board mechanism for pending applications.

Limit: No comprehensive audit of transitional relief, subsequent litigation or the Income-tax Act, 2025. The case must not be presented as permission to make a new settlement application.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 54 PDF pages; SHA-256

d3412cdd55c53cbcf0a8e753012ce15824cc0cb2c293695169ff865657d46692. Original bytes preserved.

Complete judicial paragraphs 1–17, physical pages 15–54 (SCR 1181–1220), including the historical statutory quotations in paragraphs 4–6. Pages 1–14 and opening of 15 are reporter/headnote/jurisdiction/counsel material; no adjacent judgment.

Open cited source rendition

No adjudicated assessment-year allocation is given in the judicial text. Statutory references to commencement of AY 1989-90 and other statutory dates are not treated as the years of these appeals.

Grouped proceeding numbers transcribed from physical page 14; the cover carries only the lead appeals. The decision does not separately map each proceeding to a taxpayer, year or monetary direction.

Acquisition metadata mislabels the respondent as Income Tax Act, 1961 and omits B. Sudershan Reddy from the judges list. The source cover supplies the corrected Jalandhar title and complete five-judge bench.; The headnote gives the second referral date as 21 January 2005; judicial paragraphs 2, 15 and 17 give 20 January 2005. The judicial recital is used, and the discrepancy is retained.; The jurisdiction recital repeats Settlement Application 1/J/305/90-IT. No missing or corrected application number is invented.; Paragraph 14 includes application-date language on physical pages 49–50, whereas its later conclusion on page 51 and paragraph 16(2) on page 54 fix the section 245D(1) order as endpoint. The formal conclusion is reported without silently harmonising the wording.; The printed discussion in paragraph 10 cites section 245F(4) for self-assessment, while the quoted historical text on physical page 35 places that provision in section 245F(3). Page 53 also prints section 234D(4) in the final-settlement discussion. The note uses the unambiguous surrounding provisions without treating these slips as new holdings.; The judicial discussion and quotations contain historical rates, thresholds and payment periods. None is certified as a current rate, time limit or general interest formula.; Headnote labels such as upheld are not treated as a comprehensive precedent-history result. The judicial agreement with Damani Brothers is limited as stated; Ghaswala and Hindustan Bulk Carrier are considered only as described within this judgment.

STATUTORY SCOPE

Current statutory equivalence and 2025 Act applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial treatment and current-law applicability remain unverified. The separately identified checks establish only the stated 2011, 2015 and 2021 statutory developments and the published 2025 pending-application text; they are not a present-law or 2025-Act certification.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 54

SHA-256: d3412cdd55c53cbcf0a8e753012ce15824cc0cb2c293695169ff865657d46692

official hosted statutory compilation - PDF pages: 1251

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

official cbdt circular - PDF pages: 83

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