

Vijay Kumar Talwar v. Commissioner of Income Tax, Delhi

Civil Appeal No. 3265 of 2003 / Civil Appeal No. 3266 of 2003

[2010] 14 (Addl.) SCR 499 | 2010-12-06

Whether the sustained unexplained-credit finding disclosed perversity or another substantial question of law warranting High Court interference under section 260A.

68 | 260A | 254(2) (procedural history)

Two-judge bench | D.K. Jain, J. | T.S. Thakur, J.

Assessment years: 1983-84

Evidence-specific addition; factual findings can still raise legal questions

The Court sustained these unexplained credits after repeated opportunities and failed corroboration. It expressly recognised perversity and evidentiary/legal errors as possible substantial questions under section 260A. The search yielded a register recording Rs 3,49,991, not cash of that amount. Both appeals were dismissed with Rs 20,000 costs in the common order. Current statutory burdens and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

After dissolution of a partnership from 1 April 1982, the assessee took over its Calcutta business and later began a proprietary concern. A May 1983 search yielded a register recording Rs 3,49,991 in receipts in fifteen names. For AY 1983-84 he said these were realisations from the old firm's debtors, but the old books were not produced and the original addition was sustained (paragraphs 2–5).

An earlier Tribunal order remitted the issue for reconsideration. Despite repeated opportunities, the ensuing confirmations were uncorrelated to the entries and identical in form; verification letters were unanswered, returned or met with denials. The AO again sustained the addition, followed by CIT(A) and the Tribunal. Rectification failed, the High Court found no substantial question of law, and the assessee challenged both its appellate and review orders (paragraphs 6–14).

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

02 DISCUSSION BY THE HON'BLE COURT

Section 260A permits an appeal when a substantial question of law arises; if the High Court finds one, formulation is mandatory. A factual finding is not immune from scrutiny: no evidence, exclusion of admissible material, use of inadmissible material, misreading evidence or erroneous application of legal principles can raise such a question. The precedents discussed also recognise wrongly placed burdens and inferences unsupported by the evidence as exceptions to ordinary restraint (paragraphs 17–21).

Those exceptions were not demonstrated here. The general assertion that the entries represented old debt collections was not substantiated by cogent evidence. The confirmations and verification history failed to connect the alleged parties and transactions. On those facts section 68 permitted the unexplained credits to be charged as income, and the Tribunal's adverse finding was not perverse. The Court therefore declined to reopen the factual assessment (paragraph 22).

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

03 JUDICIAL DECISION

Both appeals were dismissed, with costs quantified at Rs 20,000. The Court held that no substantial question of law arose from the Tribunal's order. The Rs 3,49,991 addition remained undisturbed; no fresh remand or standalone general ruling barring every High Court review was made (paragraph 23).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Both assessee appeals dismissed; Rs 20,000 costs as quantified in the common order

Final refusal to disturb the section 68 finding in these appeals

Fact-specific failure of explanation, after opportunities and an earlier remand. Does not authorise arbitrary rejection of a supported explanation or rule out substantial questions arising from perverse findings.

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

05 AKHB REVIEW POINT

A section 68 defence needs evidence that connects the stated source with the actual credit, not only a general commercial narrative or unmatched confirmations. For section 260A, identify the specific evidentiary or legal defect that turns a factual finding into a substantial question; merely requesting another appreciation of the same material will not suffice.

Preserve the distinction between an earlier Tribunal remand and the Supreme Court's final dismissal. The seized item was a register recording receipts, not physical cash of the same amount: paragraph 11 expressly records that correction. Later section 68 amendments, current burden rules and modern penalty provisions have not been audited here.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and two appeals

Source url: [Open cited source](#)

Pdf pages: 1; 4; 5

Paragraphs: Cover; jurisdiction; 1

Source role: reported metadata and judicial text

2.

Topic: AY, register entries, opportunities and verification

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8

Paragraphs: 2–10

Source role: judicial text

3.

Topic: Rectification history and cash/register distinction

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: 11–16

Source role: judicial text

4.

Topic: Section 260A and factual-perversity exceptions

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12; 13

Paragraphs: 17–21

Source role: judicial text

5.

Topic: Section 68 application, dismissal and costs

Source url: [Open cited source](#)

Pdf pages: 13; 14

Paragraphs: 22–23

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

D.K. Jain, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 14 PDF pages; SHA-256

3d9f24b620f6a11a5417941f3a6083fce5cfb03810c6eae3343ffd519168e66. Original bytes preserved.

Judicial paragraphs 1–23 on physical pages 5–14/SCR 503–512; preceding headnote and case-law table excluded.

[Open cited source rendition](#)

The opening source clearly identifies two Civil Appeals, 3265–3266/2003; the frozen metadata's lead-only case number is incomplete.; The jurisdiction line's review-proceeding cross-reference differs from the narrated ITA 202/2001 history; no corrected High Court proceeding number is invented.; Paragraph 11 quotes the Tribunal's rectification reasoning; it is not a new categorical Supreme Court holding that every failure to consider a precedent falls outside section 254(2).; The operative costs are Rs 20,000 in the common order, without an express per-appeal multiplier.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 14](#)

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