

The Assistant Commissioner of Income Tax, Chennai v. M/s. A.R. Enterprises

Civil Appeal No. 2688 of 2006 / Civil Appeal No. 3127 of 2006 / Civil Appeal No. 3848 of 2006 / Civil Appeal No. 2580 of 2010 / Civil Appeal No. 270 of 2013 / Civil Appeal No. 271 of 2013

[2013] 1 SCR 295 | 2013-01-14

Whether advance-tax payment, or TDS in a companion case, by itself establishes disclosure of income for the old Chapter XIV-B regime when the return obligation has not been met.

158B(b) | 158BA | 158BB | 158BC | 158BD | 132 | 132A | 139 | 2(45) | 5 | 190 | 207 | 208 | 209 | 210

Three-judge bench | D.K. Jain, J. | H.L. Dattu, J. | Jagdish Singh Khehar, J.

Assessment years: 1995-96

Disclosure issue only; preserve filing-date and satisfaction limits

These six historical Chapter XIV-B appeals reject advance tax/TDS as substitutes for required return disclosure. Before an unexpired filing deadline, payment may still evidence intended disclosure. The Court did not decide the newly raised satisfaction objection and reaffirmed the need for recorded satisfaction. Search-date and instalment-date print conflicts are disclosed. No current filing threshold, later block regime, quantified tax or comprehensive subsequent treatment is certified.

01 FACTS OF THE CASE

A.R. Enterprises began in June 1992. A search of A.R. Mercantile on 23 February 1996 yielded its books and documents. The officer found no AY 1995-96 return by the stated 31 October 1995 due date and initiated section 158BD proceedings. The firm relied on three advance-tax instalments totalling Rs.4,80,000 and on returns for earlier years. It later filed the block return, including the contested year. The Tribunal and Madras High Court treated the advance-tax payment as disclosure and ruled for it (paragraphs 2-9).

Six Revenue appeals presented the common issue. Civil Appeal No.2580/2010 specifically concerned TDS rather than advance tax. At the Supreme Court hearing the lead assessee also raised absence of recorded section 158BD satisfaction, but that objection had not been urged before the Tribunal or High Court (paragraphs 2, 15 and 42).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court preserved the special regime's jurisdictional requirements: a valid search or requisition and recorded satisfaction that another person's undisclosed income was revealed. It acknowledged the apparent concern on this record but declined to determine the newly raised satisfaction objection because it had not been advanced below. It expressly confined its decision to advance-tax disclosure; the judgment is not authority for dispensing with recorded satisfaction (paragraphs 11–15).

The definition covered income not disclosed and income that would not have been disclosed. For the latter inference, facts and timing matter. Before the return due date, advance-tax payment may help show an intention to disclose because the opportunity still exists. Once the due date has passed without a return, payment alone does not meet the disclosure obligation. The Court rejected a generic claim that every advance payment necessarily proves disclosure, while preserving the pre-due-date distinction (paragraphs 17–20).

Advance tax is based on estimated current income; a required return states total income subject to assessment. The block-computation and burden provisions did not equate those concepts or replace the return requirement. In the lead case the due date had expired before search, and the later block return could not establish that advance tax itself had disclosed the income earlier (paragraphs 21–41).

For CA 2580/2010, mere TDS likewise did not replace disclosure through a required return. The Court's conclusion was framed subject to the applicable total-income threshold; it did not announce that every person in every circumstance must file merely because tax was deducted (paragraphs 42–44).

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

03 JUDICIAL DECISION

All six Revenue appeals were allowed, the impugned High Court judgments set aside, and the referred disclosure question answered for Revenue. Costs were fixed at Rs.50,000 in each set of appeals. The Court made no separate determination of the unpreserved satisfaction objection, no fresh quantified tax computation and no express remand (paragraphs 15 and 45).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the advance-tax/TDS disclosure questions

All six appeals allowed; impugned judgments set aside; Rs.50,000 costs in each set of appeals

Final on the stated historical disclosure issue; satisfaction-jurisdiction objection not adjudicated

Advance-tax payment before an unexpired filing deadline may be relevant evidence of intended disclosure, though it is not itself a return. Mandatory recorded satisfaction is not waived as a rule. No current block-assessment procedure, present filing threshold or new tax amount is certified.

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

05 AKHB REVIEW POINT

Construct the chronology first: the return deadline, actual filing, search/requisition and tax payments. Payment and disclosure are different statutory acts. Preserve the Court's qualification for a search before the filing deadline; do not extract the later summary language to erase that distinction.

Also preserve and plead jurisdictional grounds at the appropriate stage. Paragraph 15 declines to decide the satisfaction objection, while paragraphs 13–14 reiterate its necessity. The Revenue's success is not a certificate that every search or every resulting addition was lawful. The historical advance-tax threshold and block-period definitions in the source are not contemporary compliance instructions, and similarly numbered later provisions require separate analysis.

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Appeal groups

1.

Appeals: CA 2688, 3127 and 3848/2006; CA 270 and 271/2013

Issue: Advance-tax disclosure principle

Disposition: Allowed

2.

Appeals: CA 2580/2010

Issue: TDS rather than advance-tax disclosure

Disposition: Allowed

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and six appeals

Source url: [Open cited source](#)

Pdf pages: 1; 10

Paragraphs: Cover; report list; 1–2

Source role: reported metadata and judicial text

2.

Topic: Lead facts and inconsistent instalment table

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13; 14

Paragraphs: 3–9

Source role: judicial text

3.

Topic: Search predicates and unpreserved objection

Source url: [Open cited source](#)

Pdf pages: 15; 16; 17

Paragraphs: 11–15

Source role: judicial text

4.

Topic: Due-date distinction

Source url: [Open cited source](#)

Pdf pages: 19; 20; 21

Paragraphs: 17–20

Source role: judicial text

5.

Topic: Total income and block computation

Source url: [Open cited source](#)

Pdf pages: 21; 22; 23; 24

Paragraphs: 21–27

Source role: judicial text

6.

Topic: Advance tax framework

Source url: [Open cited source](#)

Pdf pages: 24; 25; 26; 27; 28; 29

Paragraphs: 28–37

Source role: judicial text

7.

Topic: Burden and actual lead application

Source url: [Open cited source](#)

Pdf pages: 29; 30; 31

Paragraphs: 38–41

Source role: judicial text

8.

Topic: TDS companion and final costs

Source url: [Open cited source](#)

Pdf pages: 31; 32

Paragraphs: 42–45

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

158b / 158bb / 158bc / 158bd: Historical block-assessment disclosure and other-person search context

132 / 132a: Search/requisition predicates preserved

139 / 2(45) / 5: Return and total-income disclosure contrasted with estimates

190 / 207–210: Advance tax and TDS as collection mechanisms, not substitutes for required returns

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: 32 PDF pages; SHA-256

0899fad33f09ac49000adc1c8b93da200e145a5a05fe1ca886beff9d762ec3af. Original bytes preserved.

Judicial paragraphs 1–45 on physical pages 10–32 (SCR 304–326). Pages 1–9 and upper page 10 contain editorial/report material; no adjacent judgment.

Open cited source rendition

AY 1995-96 is the contested lead year. The source describes the firm's block record as AYs 1993-94 to 1995-96, with returns already filed for the first two; no complete companion-year mapping is supplied.

Paragraph 3 gives the search date as 23 February 1996, while paragraph 41 and its headnote repeat say 2006 despite a July 1996 block return. The coherent opening chronology is used with the source conflict disclosed; no formal correction is asserted.; The embedded Tribunal table prints the third instalment as 16 March 1994 after September and December 1994 entries. No corrected instalment year is invented.; The opening facts and paragraph 15 describe the recorded-satisfaction concern, but the Court expressly declines that unpreserved issue. It is not silently converted into a substantive rejection of the requirement.; The quoted Rs.1,500 advance-tax threshold and other statutory excerpts are historical; some extracts include later amendment footnotes. They are not certified as a single current or each-year consolidation.; Paragraph 45 specifies costs in each set of appeals, not expressly Rs.50,000 per individual appeal. No multiplied total is invented.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later judicial or statutory treatment review. No current-law or Income-tax Act, 2025 mapping certification.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 32

SHA-256: 0899fad33f09ac49000adc1c8b93da200e145a5a05fe1ca886beff9d762ec3af

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.