

Chironjilal Sharma HUF v. Union of India and Ors.

Civil Appeal No. 10601 of 2013

[2013] 12 SCR 666 | 2013-11-26

Whether later appellate reversal entitled the assessee to the historical statutory pre-assessment interest on seized cash, in addition to interest already paid for the separate post-assessment period.

132(5) | 132B(4)(a) | 132B(4)(b) | 240 | 244A

Three-judge bench | R.M. Lodha, J. | Madan B. Lokur, J. | Kurian Joseph, J.

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

Historical 15% simple interest for a separate period

The Court awards statutory simple interest only for 1 December 1990–4 March 1994 under the old section 132B(4) scheme; later-period interest had already been paid. It does not award compound or duplicate interest or establish today's rate and trigger. The PDF citation is volume 12 despite the volume-11 asset identifier, and a repeated paragraph 5 is identified by page. Later treatment and compliance are unverified.

01 FACTS OF THE CASE

A search on 31 January 1990 yielded Rs.2,35,000. An order under section 132(5) followed on 31 May 1990, and the cash was appropriated against assessed tax. The Tribunal eventually set the assessment aside on 20 February 2004; Revenue accepted that result and refunded the cash with interest from 4 March 1994, the date of the last regular assessment, until refund. The assessee sought the earlier statutory period: 1 December 1990, after six months from the retention order, to 4 March 1994 (paragraphs 2–3).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court applied the section 132B(4)(a)–(b) version governing the case. Where retained amounts exceeded the liability ultimately required, that version provided simple interest after six months from the section 132(5) order through the regular assessment or last relevant assessment. The later appellate reversal mattered to determining that the retained cash was excess; an initially higher officer-determined demand did not finally defeat entitlement (statutory paragraph 5 and the second paragraph numbered 5).

Revenue argued that the appellate refund was governed only by section 240. The Court rejected a conflict: section 132B(4)(b) addressed the pre-assessment period in this search setting, while sections 240/244A addressed the post-assessment refund period. Since post-assessment interest had already been paid, the outstanding claim was for the distinct earlier interval, not interest on interest or overlapping compensation (page 7 reasoning and paragraph 7).

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

03 JUDICIAL DECISION

The appeal was allowed and the impugned order set aside. Revenue was directed to calculate and pay simple interest at the historical rate of 15% per annum for 1 December 1990 to 4 March 1994 within two months of the judgment. No costs. No total interest figure or later compliance finding was supplied (paragraphs 8–9).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Appeal allowed; specified-period simple interest to be calculated and paid within two months; no costs

Final statutory entitlement, rate and period determined; arithmetic implementation left to Revenue

The 15% rate and six-month trigger are the historical provisions applied to this search. The case does not award compound interest, overlapping period interest or a universal present refund rate. The actual refund date and subsequent compliance are not verified.

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

05 AKHB REVIEW POINT

Reconstruct the search, retention order, regular assessments, appellate result and refund dates. Allocate each interest claim to its statutory source and period; a later appellate refund does not necessarily erase a separate statutory pre-assessment entitlement. Avoid double-counting the boundary date or inventing a final amount where the Court left calculation to Revenue.

This is a direct application of the older retained-assets regime. Its 15% rate, six-month waiting period and section 132(5) trigger must not be copied into a contemporary search/refund calculation without checking the operative law. The two-month direction is a historical compliance deadline, not proof payment occurred.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Visible citation, bench and author

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: Cover; 1

Source role: reported metadata and judicial text

2.

Topic: Search, refund and requested period

Source url: [Open cited source](#)

Pdf pages: 4

Paragraphs: 2–3

Source role: judicial text

3.

Topic: Historical statutory scheme

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6; 7

Paragraphs: 4; first 5

Source role: judicial text

4.

Topic: Distinct periods and appellate reversal

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: Second paragraph numbered 5; 7

Source role: judicial text

5.

Topic: Rate, dates and payment direction

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: 8–9

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

132(5) / 132b(4): Historical retained-cash and pre-assessment statutory interest scheme

240 / 244a: Post-assessment refund setting distinguished, not a claim to duplicative interest

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.M. Lodha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 8 PDF pages; SHA-256

f6e85efe09118d420ac97df8ff09441e49f3f0d9d51e9bcbac2cbbfa847490af2. Original bytes preserved.

Judicial text begins on physical page 3 and continues through page 8 (SCR 668–673). The report repeats paragraph number 5 for the reasoning on page 7, then resumes at 7–9. Pages 1–3 above the author line are editorial/report matter. No adjacent judgment.

[Open cited source rendition](#)

The source gives search, retention-order and final assessment dates, but no numerical assessment-year list.

The asset identifier contains 2013_11, but the visible report cover and pages state [2013] 12 SCR 666. The citation follows the PDF; the asset URL and hash remain unchanged.; The statutory-introduction paragraph and the following substantive reasoning are both numbered 5. Pinpoints identify physical pages and the second occurrence instead of inventing paragraph 6.; The source describes the scheme and reproduces statutory text relevant to the historical order; present rates, officers' titles and search procedures are not independently certified.; No assessment-year list, exact refund date, calculated interest total or proof of compliance with the payment direction is supplied.

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: 8](#)

SHA-256: f6e85efe09118d420ac97df8ff09441e49f3f0d9d51e9bcba2cbbfa847490af2

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