

Sasi Enterprises v. Assistant Commissioner of Income Tax

Criminal Appeal No. 61 of 2007 / Criminal Appeal No. 62 of 2007 / Criminal Appeal No. 63 of 2007 / Criminal Appeal No. 64 of 2007

[2014] 2 SCR 175 | 2014-01-30

Whether section 276CC prosecutions for non-filing had to await final assessment appeals, whether best-judgment assessment or partners' personal disclosures relieved the firm's filing duty, and how the historical statutory proviso and section 278E presumption applied at the discharge stage.

276CC | 278E | 139(1) | 139(4) | 142(1)(i) | 148 | 144

Two-judge bench | K. S. Radhakrishnan, J. | A. K. Sikri, J.

Assessment years: 1991-92, 1992-93, 1993-94

Discharge refused; trial required under historical provisions

This decision allowed section 276CC prosecutions to proceed and ordered trial within four months of receipt. It did not convict or sentence the accused or decide assessment quantum. The return dates and Rs.3,000 proviso are historical, the individual appeal mapping contains a disclosed source duplication, and later trial outcomes and current statutory equivalents are not verified. No Income-tax Act, 2025 carryover is certified.

01 FACTS OF THE CASE

Sasi Enterprises, a partnership whose relevant partners were J. Jayalalitha and N. Sasikala, did not file firm returns for AYs 1991-92 and 1992-93. The partners also faced separate proceedings for failure to file their individual returns for AY 1993-94. Notices and further opportunities had not produced the required returns or particulars, and the Department made best-judgment assessments under section 144. After sanction, complaints under section 276CC were filed on 21 August 1997. The accused sought discharge under section 245(2) CrPC, arguing, among other things, that assessment appeals had not become final and there had been no wilful failure. The Magistrate refused discharge on 14 June 2006, and the Madras High Court rejected the revisions on 2 December 2006. The four Supreme Court appeals challenged that refusal, rather than any conviction or tax-computation decree (paragraphs 1-15).

Source: [reported judgment](#) / [paragraphs 1-15](#) / [PDF pages 8, 9, 10, 11, 12, 13, 14, 15, 16](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated the historical section 139(1) due-date obligation as mandatory. A best-judgment assessment did not erase the independent duty to file, and a statement in a partner's personal return that the firm's accounts were unfinished did not discharge the firm's obligation. Failure to comply with the return requirement under section 139(1), or with a return notice under section 142(1)(i) or section 148, was within section 276CC (paragraphs 16-22 and 26-29).

The historical proviso offered protection against prosecution for the specified section 139(1) default where the return was furnished before the assessment year ended or the prescribed net tax did not exceed Rs.3,000. The Court distinguished that protection from erasure of the offence and emphasized that the proviso referred to section 139(1), not the later notice defaults. It did not permit an accused who had disregarded the statutory notices to use the proviso as a general answer to prosecution (paragraphs 23-27).

Assessment appeals did not have to reach finality before prosecution could begin. Section 276CC contained no such suspension condition; the Court nevertheless acknowledged the relevance of assessment or other material to measuring the breach for the sentencing limb. Section 278E required the court to presume the culpable mental state in a prosecution of this kind, with the accused required to prove the contrary beyond reasonable doubt. On the record the asserted absence of wilfulness did not warrant discharge (paragraphs 27-30).

Source: [reported judgment / paragraphs 16-30 / PDF pages 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 / judicial text](#)

03 JUDICIAL DECISION

All four criminal appeals were dismissed. The refusal to discharge the accused was left undisturbed, and the Criminal Court was directed to complete the trial within four months from receipt of the judgment. The Supreme Court stated that a section 276CC offence had been made out for rejecting discharge, but did not enter a conviction, impose a sentence or decide the correctness of the underlying assessment figures (paragraphs 27 and 31).

Source: [reported judgment / paragraphs 27; 31 / PDF pages 24, 25 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue / prosecution at the discharge stage

Criminal Appeals 61-64/2007 dismissed; trial to be completed within four months from receipt of the judgment

Final rejection of the discharge challenge and determination of the stated legal issues; criminal trial still to proceed

No conviction or sentence by this judgment, and no adjudication of the correctness of income-tax assessment quantum. The source's conclusion that an offence was made out must be read in the discharge posture.

Source: [reported judgment / paragraphs All four appeals; 27; 31 / PDF pages 8, 24, 25 / reported metadata and judicial text](#)

05 AKHB REVIEW POINT

Separate the return-filing default, the precise notice and service history, the historically applicable proviso, assessment quantum and the criminal trial. A pending assessment appeal is not, by itself, a reason to postpone the prosecution recognized here. A firm's filing obligation also needs its own compliance record; partners' disclosures do not perform that obligation. At the same time, a refusal of discharge must never be presented as a final conviction, and the section 278E discussion must not be expanded into a presumption that every ingredient of every tax offence is proved.

In the separately checked 2017 State of Karnataka v. Selvi J. Jayalalitha reported rendition, paragraph 354 repeats Sasi's rejection of the pending-assessment and unfinished-firm-accounts arguments. That is a bounded citation in a different criminal case, not evidence of the later result of these section 276CC trials. The present trial outcome, subsequent compounding or other later procedural developments have not been verified.

Source: [reported judgment / paragraphs 23-31 / PDF pages 22, 23, 24, 25 / judicial text](#); [reported judgment / paragraphs 354; bounded later citation / PDF pages 295, 296 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Filing obligation despite assessment and partner disclosures

Result: Firm's statutory filing duty remained; section 144 assessment and personal-return statements were not substitutes

In whose favour: Revenue / prosecution

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 17; 18; 19; 25

Paragraphs: 16-19; 29

Source role: judicial text

2.

Issue: Historical proviso and notice defaults

Result: The specified protection concerned section 139(1), not a general exemption after failure to comply with section 142(1)(i) or 148 notices

In whose favour: Revenue / prosecution

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 21; 22; 23; 24

Paragraphs: 21-27

Source role: judicial text

3.

Issue: Pending assessment appeals

Result: No bar requiring prosecution to wait for their final conclusion

In whose favour: Revenue / prosecution

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 24; 25

Paragraphs: 28

Source role: judicial text

4.

Issue: Section 278E

Result: Culpable mental state is presumed in the prosecution; the contrary must be proved by the accused beyond reasonable doubt

In whose favour: Statutory prosecution burden rule applied

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 25

Paragraphs: 30

Source role: judicial text

5.

Issue: Relief and next step

Result: Discharge refusal upheld in all four appeals; trial directed within four months of receipt; no conviction or sentence entered

In whose favour: Revenue / prosecution at this stage

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 24; 25

Paragraphs: 27; 31

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

133A; 139(3); 139(5); 142(1)(ii); 143; 147; 234A; 271(1)(a); 279(1)

OTHER GOVERNING STATUTES

Code of Criminal Procedure, 1973, section 245(2)

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

K. S. Radhakrishnan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER SOURCES AND LIMITS OF THE CHECK

1.

Source title: State of Karnataka v. Selvi J. Jayalalitha & Ors.

Decision date: 2017-02-14

Source url: [Open cited source](#)

Checked scope: Reported paragraph 354, physical pages 295-296 (SCR 819-820), with pages 294-297 read for context

Finding: Repeats the no-pending-assessment-bar and independent firm-filing-duty propositions from Sasi

Limit: A different criminal case. Does not establish final disposition or guilt in the section 276CC proceedings, and is not a comprehensive treatment audit. Paragraph number belongs to this SCR rendition and is not interchangeable with another PDF.

SOURCE & VERIFICATION

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

Identified source rendition: 25 PDF pages; SHA-256

a50b0eabc159059485dacd16465e9112cd05fab51e3b89e8b346d605bd3cbcf5. Original bytes preserved.

Judgment paragraphs 1-31 on physical pages 8-25 (SCR 182-199), fully read, including statutory extracts and trial direction.

Pages 1-7 and opening of page 8 contain editorial headnote, references, jurisdiction and appearances. No adjacent judgment.

[Open cited source rendition](#)

Firm-return prosecutions concern AYs 1991-92 and 1992-93; the partners' separate individual-return prosecutions concern AY 1993-94. Paragraphs 1 and 3-8 distinguish the groups.

The jurisdiction heading and paragraph 1 identify four appeals, 61-64/2007. Paragraph 1 then assigns 63/2007 both to a firm appeal and to N. Sasikala's individual appeal. This source-level duplication is visually confirmed. The full four-number list and party/year groupings are retained, but a corrected individual appeal-to-party mapping is not invented.

The prosecution and return-filing provisions are considered in their historical versions for AYs 1991-92 to 1993-94. The then Rs.3,000 proviso threshold, filing dates and sentencing bands are historical; no present equivalents are asserted.

This is the unchanged reported SCR rendition. No fresh signed original or live-link verification of the main judgment is claimed.; Paragraph 1 duplicates Criminal Appeal 63/2007 in its party mapping; the four identifiers 61-64/2007 are verified but the intended corrected mapping remains unknown.; Paragraph 19 refers to the company due date in the quoted section 139 Explanation; the actual firm and individual allegations state 31 August. Neither is a current universal deadline.; Paragraph 25's explanation of whichever is earlier is not reproduced as a freestanding filing rule: paragraph 18's quoted section 139(4) ties the outer alternatives to one year from assessment-year end and completion of assessment. The note states the decided default and prosecution consequences without silently rewriting the source.; The Rs.3,000 proviso is the historical figure; the quoted statute says does not exceed, despite looser below wording in paragraph 26.; Paragraph 8 recounts assessment-history figures after appellate effect; this judgment does not itself adjudicate their correctness. The four-month trial direction is measured from receipt of this judgment, not publication of this note.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions and relevant years only. No automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment or present-law audit has been performed. Source-checked comparisons and their limits are separately identified below.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 25](#)

SHA-256: a50b0eabc159059485dacd16465e9112cd05fab51e3b89e8b346d605bd3cbcf5

[reported judgment - PDF pages: 376](#)

SHA-256: 4b18edcbc1d54e9460e2c1cabe3284515fdd400d107c3c2e725c56d6d9d2d668

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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