

Commissioner of Income Tax (Central)-I, New Delhi v. Vatika Township Private Limited

Civil Appeal No. 8750 of 2014 and connected proceedings (full list below)

[2014] 12 SCR 1037 | 2014-09-15

Whether the proviso inserted into section 113 by the Finance Act, 2002 with effect from 1 June 2002 merely clarified an existing surcharge liability and could operate retrospectively, or created a substantive prospective charge for historical block assessments.

113 | 158BA(2) | 158B | 158BB | 158BC | 158BH

Five-judge Constitution Bench | R.M. Lodha, CJI | Jagdish Singh Khehar, J. | J. Chelameswar, J. | A.K. Sikri, J. | R.F. Nariman, J.

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

Historical surcharge ruling; rebuttable presumption and actual appeal disposal

This is a ruling on the historical section 113 proviso effective 1 June 2002 and pre-amendment Chapter XIV-B block assessments. It overrules Suresh N. Gupta on that issue and expressly dismisses Revenue appeals while allowing assessee appeals; it is not merely a reference answer. Retrospectivity is decided from statutory substance and intention, with recognised exceptions, not an unconditional rule for every amendment. Source chronology conflicts remain unresolved. Later treatment and current law are not comprehensively verified; there is no automatic Income-tax Act, 2025 mapping.

[paragraphs 23-28 in this original rendition](#) / [PDF pages 28, 29, 30](#) / [judicial text](#); [paragraphs 38 and 40-41](#) / [PDF pages 33, 43](#) / [judicial text](#)

01 FACTS OF THE CASE

The mixed batch concerned surcharge on undisclosed income assessed under the then Chapter XIV-B. In the narrated lead proceeding for the block period 1 April 1989 to 10 February 2000, the original block assessment did not impose surcharge. The Assessing Officer later attempted to add it by rectification under section 154; the Commissioner (Appeals) cancelled that order because the issue was debatable. The Commissioner then invoked section 263 against the order giving appellate effect and directed a 10% surcharge. The Tribunal held the 2002 proviso prospective, and the Delhi High Court dismissed Revenue's appeal. The report's conflicting search dates and internal order chronology are disclosed below rather than silently corrected (paragraphs 4-7).

A two-judge Bench had treated the proviso as clarificatory in Suresh N. Gupta. Doubts expressed in the 6 January 2009 reference led to a three-judge Bench, which on 8 April 2010 referred the matters to five judges. Connected appeals raised the same issue (paragraphs 8-10).

Source: [reported judgment](#) / [paragraphs 4-10](#); source inconsistencies retained as cautions / [PDF pages 7, 8, 9, 10, 11, 12](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated historical Chapter XIV-B as a self-contained code for the separate assessment of undisclosed block-period income. Section 158BA(2) supplied its charge and section 113 its 60% rate; the ordinary previous-year framework under sections 4 and 5 did not itself settle surcharge on the block period. The Court then gave an independent retrospectivity analysis (paragraphs 27-29).

The starting presumption protects accrued rights and avoids imposing new burdens retrospectively unless the statutory terms or necessary implication show a contrary intention. It is a rebuttable interpretive presumption, not an absolute ban. The Court discussed beneficial legislation without corresponding detriment, procedural provisions, and genuinely declaratory or curative amendments; substance and legislative intention mattered more than labels. The surcharge proviso imposed an additional burden on the assessee, so the ordinary presumption of prospectivity applied (paragraphs 30-37).

For this amendment, uncertainty over which of four possible dates supplied the applicable Finance Act meant the surcharge rate could vary or be absent. A determinate rate was an essential component of the levy. The Department's own conference proposals recognised the difficulty and sought a retrospective amendment, yet Parliament chose an express 1 June 2002 commencement. The Notes on Clauses, contrasted with expressly retrospective amendments, CBDT Circular No. 8 of 2002 as reproduced, and the Finance Act, 2003 provision supported that deliberate choice. The charge was substantive, rather than a mere explanation of an existing certain liability (paragraphs 38-39).

Source: [reported judgment / paragraphs 27-36 / PDF pages 24, 25, 26, 27, 28, 29, 30, 31, 32 / judicial text](#); [reported judgment / paragraphs 37-39 / PDF pages 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43 / judicial text](#)

03 JUDICIAL DECISION

The Constitution Bench answered the reference by holding the section 113 proviso prospective from 1 June 2002, not clarificatory or curative (paragraph 38). It expressly overruled Suresh N. Gupta's contrary conclusion (paragraph 40). The judgment also actually disposed of the pending appeals: Revenue appeals were dismissed and assessee appeals were allowed, deleting surcharge for the block assessments pertaining to the period before 1 June 2002 (paragraph 41). No remand or separate later disposal is directed in this rendition.

Source: [reported judgment / paragraphs 38 / PDF pages 33 / judicial text](#); [reported judgment / paragraphs 40-41 / PDF pages 43 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on the surcharge issue; procedurally Revenue appeals dismissed and assessee appeals allowed

Mixed batch disposed of under paragraph 41: Revenue appeals dismissed; assessee appeals allowed with pre-1 June 2002 block-assessment surcharge deleted

Final larger-bench determination of the referred surcharge issue and express disposal of the listed appeals

This concerns the historical section 113 proviso and Chapter XIV-B regime. The decision does not make every amendment prospective. Companion appellant-class assignments are not supplied individually; costs are not expressly addressed in paragraph 41.

Source: [reported judgment / paragraphs Reported appeal list and 3 / PDF pages 6 / reported metadata and judicial text](#); [reported judgment / paragraphs 41 / PDF pages 43 / judicial text](#)

05 AKHB REVIEW POINT

Keep three separate propositions visible: the prospective answer to the reference, the express overruling of Suresh N. Gupta, and paragraph 41's disposal of the Revenue and assessee appeal classes. The last is not merely an instruction to place the appeals before another Bench. Identify the actual taxpayer, search/block period and statutory text before applying the result.

For other amendments, work through the actual words, commencement, nature of the right or burden, statutory scheme and evidence of legislative intention. Vatika itself recognises exceptions and a rebuttable presumption. Its discussion of ambiguity in the imposition of a tax is not a universal direction to resolve every exemption or deduction dispute for the taxpayer. The bounded reading of Suresh N. Gupta's original SCR paragraphs 21-28 confirms the contrary surcharge reasoning actually overruled; the numbering differs from the embedded quotation in Vatika. No comprehensive later-treatment or current-law audit, and no 2025-Act mapping, is supplied.

Source: [reported judgment / paragraphs 31-38 and 40-41 / PDF pages 28, 29, 30, 31, 32, 33, 43 / judicial text](#); [reported judgment / paragraphs Original SCR paragraphs 21-28; limited comparison / PDF pages 27, 28, 29, 30 / judicial text](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 8750 of 2014 / Civil Appeal No. 8764 of 2014 / Civil Appeal No. 8762 of 2014 / Civil Appeal No. 8773 of 2014 / Civil Appeal No. 8763 of 2014 / Civil Appeal No. 8755 of 2014 / Civil Appeal No. 8775 of 2014 / Civil Appeal No. 8779 of 2014 / Civil Appeal No. 8780 of 2014 / Civil Appeal No. 8774 of 2014 / Civil Appeal No. 8765 of 2014 / Civil Appeal No. 8760 of 2014 / Civil Appeal No. 8756 of 2014 / Civil Appeal No. 8759 of 2014 / Civil Appeal No. 8772 of 2014 / Civil Appeal No. 8777 of 2014 / Civil Appeal No. 8770 of 2014 / Civil Appeal No. 8752 of 2014 / Civil Appeal No. 8753 of 2014 / Civil Appeal No. 8754 of 2014 / Civil Appeal No. 8768 of 2014 / Civil Appeal No. 8758 of 2014 / Civil Appeal No. 8776 of 2014 / Civil Appeal No. 8769 of 2014 / Civil Appeal No. 8766 of 2014 / Civil Appeal No. 8767 of 2014 / Civil Appeal No. 1160 of 2007

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Prospective or retrospective operation of the 2002 section 113 proviso

Result: Prospective from 1 June 2002; substantive surcharge charge rather than clarificatory/curative provision

In whose favour: Assesseees

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 33; 41; 42; 43

Paragraphs: 38-39

Source role: judicial text

2.

Issue: Precedential status of Suresh N. Gupta on this surcharge issue

Result: Expressly overruled

In whose favour: Assesseees

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 43

Paragraphs: 40

Source role: judicial text

3.

Issue: Lead Civil Appeal No. 8750 of 2014 and the Revenue appeal class

Result: Dismissed

In whose favour: Assesseees/respondents

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: Reported cause list; 3-4

Source role: reported metadata and judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 43

Paragraphs: 41

Source role: judicial text

4.

Issue: Assessee appeal class in the mixed batch

Result: Allowed; surcharge deleted for the identified pre-1 June 2002 block assessments

In whose favour: Assessee/appellants

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: 3

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 43

Paragraphs: 41

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

4; 2(34); 2(45); 3; 5; 132; 132A; 154; 263; 260A

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A.K. Sikri, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Earlier case id: Not stated in the reviewed record

Earlier source asset id: 2008_1_157_186

Earlier case title: Commissioner of Income Tax Central II v. Suresh N. Gupta

Later case id: sc-2014-09-15-vatika-township

Relationship: expressly overruled on retrospective section 113 surcharge

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 28; 29; 30

Paragraphs: 23-28 in this original rendition

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 33; 43

Paragraphs: 38 and 40-41

Source role: judicial text

Scope limit: Direct original-versus-overruling comparison only. This does not certify any later treatment of Vatika or decide unrelated propositions from Suresh N. Gupta.

HISTORICAL BLOCK PERIODS

1.

From: 1989-04-01

To: 2000-02-10

Scope: Narrated lead block period in paragraphs 4, 6 and 7

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 43 PDF pages; SHA-256

4892de497ff80aa17d11d66c23196f4ea79d62857d8a872213f2b312aaa20a24. Original bytes preserved.

Judicial paragraphs 1-41 on physical PDF pages 6-43 (SCR 1042-1079), fully read, including embedded statutory texts and reference orders. Pages 1-5 and opening of page 6 are editorial headnote, references, jurisdiction and appearances; those are not treated as judicial reasons. No adjacent judgment.

Open cited source rendition

This is the historical Chapter XIV-B block-assessment dispute, not one identified ordinary assessment year. The repeatedly stated lead block period is retained. Search dates and the assessment-year span in the embedded reference order are internally inconsistent and are not harmonised or assigned as independently verified appeal-specific years.

The central question is the Finance Act, 2002 proviso to section 113, effective 1 June 2002. Chapter XIV-B supplies the historical block-assessment framework. Rectification under section 154 and revision under section 263 are lead procedural history, not independent holdings on all their conditions. Sections in reproduced statutory extracts or other case quotations are not treated as separately adjudicated issues. Article 271 and annual Finance Act surcharge provisions supply context.

Public source URLs are preserved acquisition links. Fresh web-tool attempts could not retrieve the three primary URLs; local preserved renditions were verified and reviewed. No fresh live-link availability or signed-original authentication is claimed.; Physical pages 7, 8 and 10 visibly give conflicting search dates: 10 February 2001, 14 July 1999, and 6 October 2001 in the embedded reference order. Paragraph 27 also uses a different illustrative/current-period date range. The consistently stated lead block period is retained, but no corrected search date is invented.; Paragraph 4 prints the appellate cancellation as 10 December 2003 and the purported effect-giving order as 9 September 2003; it also prints the unusual section reference 250BC/158BC. These are source-level anomalies, not inferred corrections.; The embedded reference order prints an assessment-year span 1984 to 2003 inconsistent with the narrated block period; no individual assessment-year list is inferred.; Vatika quotes Suresh N. Gupta with paragraphs 37-38, whereas the preserved original SCR text numbers the matching discussion 25-26. Every pinpoint follows the rendition actually linked.; The report's opening headnote says answering the referred question, but judicial paragraph 41 expressly disposes of both appeal classes. The operative judicial text controls.

The report lists 27 civil appeals. Paragraphs 1-2 condone delay and grant leave in the matters. Paragraph 3 identifies a mixed batch, mostly Revenue appeals with some assessee appeals; paragraph 41 disposes of both classes differently. The lead Revenue appeal is identified, but the report does not assign every companion number to its appellant class. No individual companion mapping is invented. Paragraph 4 traces the reference through SLP No. 540/2009; reference orders of 6 January 2009 and 8 April 2010 appear in paragraphs 8-9.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent-treatment or present-law audit has been performed. The source-checked comparisons below are bounded and do not certify current authority.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 43](#)

SHA-256: 4892de497ff80aa17d11d66c23196f4ea79d62857d8a872213f2b312aaa20a24

[reported judgment - PDF pages: 30](#)

SHA-256: 88c92551293996d171a9a970e7788cb487ed4765bf29f8cb52dbdc218abba670

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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