

Rajasthan State Electricity Board, Jaipur v. Deputy Commissioner of Income Tax (Assessment) & Anr.

Civil Appeal No. 8590 of 2010

[2020] 4 SCR 995 | 2020-03-19

Whether the historical additional tax under section 143(1-A) could be imposed mechanically on a depreciation adjustment that reduced a returned loss, without a factual basis for attempted tax evasion.

143(1-A) | 143(1)(a) | 32

Two-judge bench | Ashok Bhushan, J. | Mohan M. Shantanagoudar, J.

Assessment years: 1991-92

01 FACTS OF THE CASE

For assessment year 1991-92, the Board filed a loss return in December 1991 with provisional accounts, asset details, computation and depreciation charts. It claimed the full calculated depreciation allowance, overlooking the special restriction to 75% introduced for that year. A section 143(1)(a) intimation disallowed one quarter of that allowance and imposed additional income tax. The adjusted result still showed a loss (paragraphs 2-3 and 14-15).

The Board sought rectification under section 154 and revision under section 264. Both failed. The Commissioner treated additional tax as following whenever an adjustment increased income or reduced loss. The demand was subsequently reduced to Rs. 7,67,68,717. A Single Judge quashed the levy, but the Rajasthan High Court Division Bench restored it. The Board appealed (paragraphs 3-4).

Source: [reported judgment](#) / [paragraphs 2-4](#) / [PDF pages 4, 5](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court did not accept that continuing to show a loss automatically put the assessee outside section 143(1-A). The 1993 amendment, retrospective from 1 April 1989, expressly covered a reduction of returned loss and applied to assessment year 1991-92. The question was instead whether the additional tax followed in every such case (paragraphs 10-13).

Applying Sati Oil Udyog and its use of K.P. Varghese, the Court held that the provision's anti-evasion purpose limited its invocation to a lesser returned amount resulting from an attempt to evade tax lawfully payable. Revenue bore the burden, which could be met by facts and circumstances supporting a reasonable inference of an attempt. This was the construction of the particular historical additional-tax provision; the Court did not establish a universal mental-state rule for every tax adjustment or penalty (paragraphs 16-20 and 22).

On the facts, the excess depreciation claim resulted from a bona fide mistake and oversight of the amendment. The adjusted return remained a loss, and neither the Commissioner's reasoning nor the record identified an attempt to evade tax. The Commissioner had instead assumed that the levy was automatic. The Court rejected that mechanical approach (paragraphs 15 and 21-22).

The quoted depreciation proviso restricted the allowance to 75% of the amount otherwise calculated at the prescribed percentage on written-down value. It did not prescribe a general 75% rate on every asset's value. The correctness of that adjustment was separate from the additional-tax issue before the Court (paragraphs 9 and 14).

Source: [reported judgment / paragraphs 10-13 / PDF pages 7, 8, 9 / judicial text](#); [reported judgment / paragraphs 14-15 / PDF pages 9, 10 / judicial text](#); [reported judgment / paragraphs 16-22 / PDF pages 11, 12, 13, 14 / judicial text](#)

03 JUDICIAL DECISION

The appeal was allowed. The Division Bench judgment and the additional-tax demand dated 12 February 1992, as amended on 28 February 1992, were set aside. The Court did not restore the disallowed quarter of depreciation or hold that loss returns are invariably immune from the historical provision (paragraph 23, read with paragraphs 13 and 21-22).

Source: [reported judgment / paragraphs 23 / PDF pages 14 / judicial text](#); [official signed judgment / paragraphs 23 / PDF pages 20 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee Board on the additional-tax levy

Appeal allowed; Division Bench judgment and specified additional-tax demand set aside

Final merits determination of the historical section 143(1-A) demand

The depreciation adjustment itself was not reversed. Continuing loss was factual context, not a categorical exemption. No general rule about all present penalties or all bona fide errors was decided.

Source: [reported judgment / paragraphs 13 and 21-23 / PDF pages 9, 13, 14 / judicial text](#)

05 AKHB REVIEW POINT

Separate an adjustment to taxable income or loss from the legal conditions for a further levy. For an analogous historical section 143(1-A) dispute, preserve the disclosure record, the explanation for the mistake and Revenue's actual findings about evasion. The adjusted result remaining a loss is not enough by itself; the decision turns on the provision's construed purpose and Revenue's failure to establish the required attempt.

Do not use the special assessment-year 1991-92 depreciation restriction as a current rate, or this ruling as a universal reasonable-cause defence. Identify the exact provision, statutory version and subsequent treatment before applying the reasoning elsewhere.

Source: [reported judgment / paragraphs 13-15 and 20-23 / PDF pages 9, 10, 13, 14 / judicial text](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

154; 264

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ashok Bhushan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 21 PDF pages; SHA-256
d42f5a7a38e9a22614a197ad82ad7b42525d68be6658a9ebc3803f35fcdd0d28. Original bytes preserved.
One signed judgment on physical pages 1-21; no separate opinion or neighbouring case.
Cover, signatures, signed date, material reasoning and final disposition matched against the fully read reported judicial text. No complete independent rereading of this separate rendition is claimed.

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SCR citation verified from the reported cover; no neutral citation inferred.

Paragraph 2 gives the return date as 30 December 1991, while paragraph 15 says 31 December 1991. The note uses December 1991 and preserves that unresolved source discrepancy.; The first-page reported headnote incorrectly suggests filing preceded the amendment. Judicial paragraph 15 expressly says the amendment was already operative before filing; the judicial text controls.; The introductory paragraph refers to section 32(2), but the substantive explanation quotes a third proviso to section 32 concerning the calculated depreciation allowance. The note indexes section 32 without asserting an independently verified subsection or silently correcting the original.; The original PDF's digital-signature stamp is dated 17 September 2022; the signed judicial date is 19 March 2020.

STATUTORY SCOPE

Historical section 143(1-A), including its retrospective 1993 amendment, and the special depreciation restriction for assessment year 1991-92.

No current-law certification or automatic Income-tax Act, 2025 mapping.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive review of subsequent decisions, amendments or implementation.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 21](#)

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

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