

Jagdish Transport Corporation and Others v. Union of India and Others

Civil Appeal Nos. 2352-2353 of 2019

[2023] 5 SCR 321 | 2023-04-28

What relief should follow when the Settlement Commission settles an application solely to meet a court-imposed deadline while expressly admitting that it could neither examine the record nor provide the opportunities required by section 245D(4)?

245C(1) | 245D(4) | 245AA

Two-judge bench | M.R. Shah, J. | C.T. Ravikumar, J.

Assessment years: 1998-99, 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05

01 FACTS OF THE CASE

Following a search under section 132, notices under section 153A were issued for AYs 1998-99 to 2004-05, returns were filed and the appellants sought settlement under section 245C(1). The High Court directed disposal by 31 March 2008 against the historical abatement setting described under section 245HA (paragraph 2(i)-(vi)).

On that date the Commission purported to settle aggregate undisclosed income at ₹59 lakh. Its order expressly said that the volume and complexity of pending work made it impracticable to examine the records, investigate properly or provide adequate opportunity to the applicants and the Department; it proceeded to meet the High Court deadline. It also reserved appropriate AO action concerning matters not placed before it and included limited immunity and payment terms (paragraph 2(vii), reproducing the Commission order).

The AO subsequently issued a reassessment show-cause notice for transactions said not to have been disclosed before the Commission and passed an assessment order during the writ proceedings. The appellants challenged both. The Allahabad High Court dismissed the writ petition on 29 March 2017, treating the Commission order as a nullity, and later rejected review. Those decisions were appealed (paragraphs 1 and 2(viii)-(x)).

Source: [official signed judgment / paragraphs 1; 2\(i\)-\(vi\) / PDF pages 1, 2 / judgment](#); [official signed judgment / paragraphs 2\(vii\) including the quoted Commission order / PDF pages 3, 4, 5 / judgment quoting order set aside](#); [official signed judgment / paragraphs 2\(viii\)-\(x\) / PDF pages 5, 6 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court agreed with the High Court that the manner in which the Commission had acted could not produce a valid settlement order. The Commission's own acknowledgement that it had not been able to examine and investigate the matter or give adequate opportunity under section 245D(4) was decisive. Merely issuing an order to meet the stipulated date did not satisfy that procedure (paragraph 3).

The High Court should, however, have carried that conclusion through to an effective remedy: a fresh settlement decision on merits after following the required procedure. Because the Settlement Commission had been wound up and pending matters were being dealt with by the Interim Board constituted under section 245AA, the Court directed the remand to that Board (paragraphs 3-4). The alleged undisclosed transactions, quantum, tax, interest and immunity were not finally determined by the Supreme Court.

Source: [official signed judgment / paragraphs 3 / PDF pages 6, 7 / judgment](#); [official signed judgment / paragraphs 4 / PDF pages 7 / judgment](#)

03 JUDICIAL DECISION

The Court set aside the impugned High Court judgment, the subsequent assessment/reassessment order challenged in the writ proceedings, and the Settlement Commission order dated 31 March 2008. It remitted the settlement application to the Interim Board for a fresh decision according to law and on its own merits, following section 245D(4). The Board could call for a fresh Rule 9 report. It was requested to proceed expeditiously, preferably within six months from the first hearing, and to pass a reasoned order. The appeals were allowed to that extent, without costs (paragraphs 4-5).

Source: [official signed judgment / paragraphs 4-5 / PDF pages 7, 8 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Appellants on procedural relief and fresh consideration; no final settlement merits winner

High Court judgment, challenged subsequent assessment/reassessment and 31 March 2008 settlement order set aside; remand to Interim Board; no costs

Validity of the hurried settlement process decided; underlying settlement application left for fresh merits determination

The ₹59 lakh figure and immunity conditions belong to the order set aside. The six-month period is expressed as a preference measured from first hearing, not an absolute statutory deadline or proof that proceedings have since concluded.

Source: [official signed judgment / paragraphs 4-5 / PDF pages 7, 8 / judgment](#)

05 AKHB REVIEW POINT

Check whether the settlement authority actually examined the record and reports and afforded both sides the procedure required by section 245D(4). Deadline pressure cannot replace those steps. When relief is sought, identify all connected orders requiring consequential treatment: this remand displaced the settlement order and the later assessment/reassessment, rather than preserving the first while cancelling only the second.

For implementation, retain the remand order, first-hearing date, notices, any fresh Rule 9 report and the resulting reasoned decision. Do not treat the earlier ₹59 lakh settlement or immunity as affirmed, or assume that every historical settlement automatically revives. Verify subsequent orders, applicable statutory versions and the presently competent forum before advising; no automatic Income-tax Act, 2025 carryover is certified.

Source: [official signed judgment / paragraphs 3-5 / PDF pages 6, 7, 8 / judgment](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

132; 153A; 245D(4A); 245F(4); 245H(1); 245H(1A); 245HA

PROVISION-SPECIFIC SCOPE

1.

Section: 245C(1); 245D(4)

Role: settlement application and mandatory procedure

Basis: Fresh determination required after examination/investigation and adequate opportunity; hurried deadline-compliance order was a nullity.

2.

Section: 245AA

Role: remand forum

Basis: Paragraph 4 remits to the Interim Board following closure of the Settlement Commission.

3.

Section: 132; 153A

Role: assessment background

Basis: Search and returns described, not independently adjudicated.

4.

Section: 245HA; 245D(4A)

Role: historical deadline context

Basis: 2007 amendment and 31 March 2008 disposal pressure; no present abatement rule supplied.

5.

Section: 245F(4); 245H(1); 245H(1A)

Role: quoted order subsequently set aside

Basis: Reservation of AO action and immunity terms form part of the Commission order reproduced in paragraph 2; they are not fresh Supreme Court grants.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

M.R. Shah, 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: 8 PDF pages; SHA-256

3d2a1a9f7a462ab55fa37b64f672870799645c90e0fa9a6170cb96bdf9662a1a. Original bytes preserved. One reportable judgment, paragraphs 1-5, all eight physical pages; embedded Commission order in paragraph 2 is distinctly attributed.

Open cited source rendition

The source uses section 245 as a general settlement reference in places, but specifically identifies section 245D(4) for the procedure required. The note does not recast this as a refund-setoff decision.

The Commission order is quoted evidence of the defective process, not the Supreme Court's own quantified settlement or immunity order.

Rule 9 is the report referred to in the settlement proceedings. It is not silently treated as Rule 9 of the Income-tax Rules, 1962.

No present status of remand implementation or subsequent treatment is certified.

Reported citation verified from the source cover; no neutral citation is inferred from catalogue metadata.

Paragraph 2(ii)-(iii) expressly gives AY 1998-1999 to 2004-2005 for notices and returns; no separate year-wise income is decided.

STATUTORY SCOPE

Historical settlement process and 2023 remand as described in the judgment, not a comprehensive current statutory consolidation.

No automatic 2025 Act mapping or present availability of any settlement procedure is certified.

LATER TREATMENT

Source checked 2026-10-04. Subsequent Interim Board proceedings, later orders and statutory amendments have not been comprehensively verified; no present forum or limitation certification.

IDENTIFIED SOURCE LINKS

official signed judgment - PDF pages: 8

SHA-256: 3d2a1a9f7a462ab55fa37b64f672870799645c90e0fa9a6170cb96bdf9662a1a

reported judgment - PDF pages: 6

SHA-256: ae2d45178877833cda11d5f129fde82708b17faeb5dd0c44052b67b077497907

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