

M/s Mangalam Publications, Kottayam v. Commissioner of Income Tax, Kottayam

Civil Appeal Nos. 8580-8582 of 2011 / Civil Appeal Nos. 8599-8603 of 2011 / Civil Appeal No. 8604 of 2011 / Civil Appeal Nos. 8593-8598 of 2011 / Civil Appeal Nos. 8583-8587 of 2011 / Civil Appeal Nos. 8588-8592 of 2011

[2024] 1 S.C.R. 642 : 2024 INSC 53 | 2024-01-23

Whether the completed scrutiny assessments for AYs 1990-91 to 1992-93 could be reopened on a comparison of partners' capital accounts derived from a bank balance sheet and a later tax balance sheet, and whether missing regular accounts established the requisite failure of disclosure.

139(9) | 143(3) | 147 | 148 | 149

Two-judge bench | B. V. Nagarathna, J. | Ujjal Bhuyan, J.

Assessment years: 1990-91, 1991-92, 1992-93

01 FACTS OF THE CASE

Mangalam was a partnership firm publishing newspapers and periodicals. For AYs 1990-91 to 1992-93 it filed returns without regular balance sheets, explaining that the Department had seized its records. It furnished tentative accounts and income details; the Assessing Officer independently examined receipts and expenses, made additions or estimates, and completed assessments under section 143(3). Later, the officer compared a balance sheet obtained from South Indian Bank with the firm's AY 1993-94 balance sheet, inferred an unexplained increase in partners' capital and initiated reassessment by notices served on 29 March 2000. Reassessments under sections 144/147 followed on 21 March 2002. CIT(A) affirmed and enhanced the additions. The Tribunal set them aside, finding no reliable fresh material and applying the section 147 proviso; the Kerala High Court reversed the Tribunal and remanded for consideration on merits. The firm and its partners appealed.

Source: [official signed judgment / paragraphs 6-19 / PDF pages 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 / judgment](#); [official signed judgment / paragraphs 43-44 / PDF pages 46, 47, 48 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court explained the historical reassessment provisions and applied the distinction between reassessment and review. Full and true disclosure requires the primary and relevant facts; once those are disclosed, drawing the proper inferences is the Assessing Officer's responsibility. Fresh, specific and reliable information exposing a false earlier disclosure may justify reopening, but a new inference from the same factual foundation does not. Following *Kelvinator*, tangible material must have a live link with the belief of escaped income. The Court also cautioned that a change-of-opinion objection requires examination of whether the original assessment expressed an opinion, expressly or by necessary implication; a non-speaking or perfunctory order may not establish that premise.

Here, the bank balance sheet was the only subsequently obtained material. CIT(A), in the assessee's earlier proceedings, had already discarded it as unreliable. Without that balance sheet there was no other material supporting the reopening. The original officer had independently examined incomings and outgoings, and the Revenue did not allege a false declaration. The later comparison was therefore a subjective reappraisal amounting to a mere change of opinion. The Court separately held that absence of regular accounts did not automatically make the returns invalid. The officer had not invoked section 139(9) to intimate defects and require their rectification, but had accepted and scrutinised the returns and supporting income details.

Source: [official signed judgment / paragraphs 24.1-24.2 / PDF pages 25, 26 / judgment](#); [official signed judgment / paragraphs 28-36 / PDF pages 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40 / judgment](#); [official signed judgment / paragraphs 38-44 / PDF pages 42, 43, 44, 45, 46, 47, 48 / judgment](#)

03 JUDICIAL DECISION

The Supreme Court held that the reassessments for the three lead assessment years were unjustified. It set aside the High Court's common order and restored the Tribunal's common order dated 29 October 2004, which had set aside the reassessments. The same conclusions governed the connected appeals by the partners. All the civil appeals were allowed without costs.

Source: [official signed judgment / paragraphs 45-46 / PDF pages 48 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee firm and its partners

All civil appeals allowed; High Court common order set aside and Tribunal common order dated 29 October 2004 restored; no costs

Validity of reassessment decided in favour of the assessees; no fresh determination of the quantum of taxable income

The holding is fact-specific and applies the historical 1961 Act reopening provisions. It does not establish that every scrutiny assessment bars reopening, that a false disclosure is protected, or that a bank balance sheet can never be relevant evidence.

Source: [official signed judgment / paragraphs 45-46 / PDF pages 48 / judgment](#)

05 AKHB REVIEW POINT

For a legacy reassessment challenge, reconstruct the original scrutiny record, the precise recorded reasons, when each item of information became available and the prior appellate treatment of that material. Establish what was actually disclosed and examined; relying only on the section 143(3) label is unsafe given the Court's warning about non-speaking assessments. Keep section 139(9) defect notices, rectification opportunities and any invalidity decision separate from the section 147 disclosure inquiry. If reopening rests on comparative balance sheets, test their reliability and the link to income in each disputed year. Do not apply the historical four-, seven- or ten-year references in this judgment as current statutory deadlines.

Source: [official signed judgment / paragraphs 30-36 / PDF pages 32, 33, 34, 35, 36, 37, 38, 39, 40 / judgment](#); [official signed judgment / paragraphs 38-44 / PDF pages 42, 43, 44, 45, 46, 47, 48 / judgment](#)

SOURCE-RENDITION BOUNDARIES

Primary judicial text pdf pages: 1; 48

Primary paragraphs: Opening paragraph (unnumbered, corresponding to paragraph 1), then 2-46 with subparagraphs

Primary headnotes: None

Reported judicial text pdf pages: 4; 35

Reported editorial material: PDF pp. 1-4 before Judgment / Order of the Supreme Court; headnote credit and result after paragraph 46 on p. 35 are editorial

Adjacent case text found: False

PROVISION-SPECIFIC SCOPE

1.

Section: 147

Role: core_holding

Description: Jurisdiction to reopen, full and true disclosure, change of opinion, and the historical four-year proviso relied on by the Tribunal whose order was restored.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 17.2, 28-28.4, 31-36, 38-46

Pdf pages: 11; 12; 29; 30; 31; 32; 33; 34; 35; 36; 37; 38; 39; 40; 42; 43; 44; 45; 46; 47; 48

Source role: judgment

2.

Section: 148

Role: core_procedure

Description: Notice initiating the challenged reassessments; the notices served on 29 March 2000 led to orders set aside by the restored Tribunal decision.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 11-14, 29

Pdf pages: 6; 7; 8; 32

Source role: judgment

3.

Section: 139(9), Explanation (f)

Role: core_holding

Description: A return lacking regular accounts is not automatically invalid; the statutory defect-intimation and rectification process matters.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 24.1-24.2, 43-44

Pdf pages: 25; 26; 46; 47; 48

Source role: judgment

4.

Section: 143(3)

Role: core_factual_and_procedural_basis

Description: Original scrutiny assessments followed enquiry and independent analysis; this supports the finding of an impermissible subsequent change of opinion on these facts.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 8-10.1, 26.2, 42

Pdf pages: 3; 4; 5; 28; 45; 46

Source role: judgment

5.

Section: 149

Role: historical_limitation_framework

Description: The then-applicable notice time limits are described in paragraph 30; they are not stated as the current reopening limits.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 22.6, 30

Pdf pages: 24; 32

Source role: judgment

6.

Section: 142; 143(1)-(2); 144

Role: supporting_assessment_framework

Description: Enquiry, scrutiny and best-judgment machinery explained; reassessment orders had been passed under sections 144/147.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 12-14, 25-27, 42

Pdf pages: 6; 7; 8; 27; 28; 29; 45; 46

Source role: judgment

7.

Section: 132; 145(1); 151; 156; 260A; 282(2)

Role: context_or_submissions

Description: Search, accounting, approval, demand, High Court appeals and notice-service arguments appear in history or statutory discussion. No separate final holding is asserted on each of these provisions.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 1, 11, 16, 18, 21.1, 22.1, 22.5, 26

Pdf pages: 1; 2; 6; 8; 9; 12; 13; 16; 22; 23; 24; 27; 28

Source role: judgment

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (official signed judgment)

Identified source rendition: 48 PDF pages; SHA-256

8520d8d09f1dab5f052c9db58df4cf7a07caa0ef084d2eac2660e33641bd4311. Original bytes preserved.

Open cited source rendition

The official original and SCR rendition both contain unresolved source chronology inconsistencies: paragraph 8 gives the seizure date as 03.12.1995, whereas paragraph 21.1 records 31.12.1985. The note does not silently select or correct a seizure date.

Paragraph 9 prints the AY 1991-92 original assessment date as 29.01.2022, whereas paragraph 20.3 gives 29.01.1992. This is flagged as an apparent source error and the contested date is omitted from the narrative.

Paragraph 18 identifies the High Court common order as 12.10.2009; paragraph 45 prints 12.09.2009. The note identifies the order by court and procedural result rather than silently resolving the discrepancy.

Paragraph 36 refers to Techspan India Private Limited (supra) without a complete citation in this rendition; no citation has been invented.

Paragraphs 20-22.8 contain pleadings and submissions. The rejected balance-sheet evidence and change-of-opinion findings are drawn from paragraphs 38-44, not adopted merely from counsel's assertions.

The section 147 proviso and historical notice periods are distinguished from present law. The restored Tribunal order had treated reopening as time-barred, while the Supreme Court's own reasons focus on invalid reopening, reliability, prior scrutiny and change of opinion.

Neutral citation and appeal numbers checked on the original p. 1; bench and decision date checked on its signature page 48. SCR citation checked against the reported rendition p. 1.

These are the lead appeals' years expressly identified in paragraph 6. Connected appeals by the partners follow the lead result under paragraphs 19 and 46; their separate year ranges are not independently specified. AYs 1986-87, 1989-90, 1993-94 and other surrounding years feature in comparative balance sheets and procedural history and are not silently added as the lead disputed years.

STATUTORY SCOPE

1961 Act provisions as considered in the judgment for the years and proceedings in issue

No mapping to the Income-tax Act, 2025 or certification of current reassessment, deduction, banking or accounting rules is represented.

LATER TREATMENT

Source checked 2026-10-04. Subsequent review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

official signed judgment - PDF pages: 48

SHA-256: 8520d8d09f1dab5f052c9db58df4cf7a07caa0ef084d2eac2660e33641bd4311

reported alternate rendition - PDF p. 1 / SCR p. 642 - PDF pages: 35

SHA-256: 95b3c985515d21384d1f71666f29bb25f4602db33d84613b6cf6dc87a25282bd

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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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