

Vinubhai Mohanlal Dobaria v. Chief Commissioner of Income Tax & Anr.

Civil Appeal No. 1977 of 2025 / Arising out of Special Leave Petition (Civil) No. 20519 of 2024
[2025] 2 S.C.R. 476 : 2025 INSC 155 | 2025-02-07

When does the section 276CC offence occur for the 2014 Guidelines' first-offence test; what qualifies as voluntary disclosure; and which parts of those Guidelines are mandatory or permit case-specific discretion?

139(1) | 139(4) | 276CC | 279(2) | 279 Explanation

Two-judge bench | J.B. Pardiwala, J. | Sanjay Karol, J.

Assessment years: 2011-12, 2013-14

01 FACTS OF THE CASE

The individual assessee, who earned salary and a share of profits from a chemical-business partnership, filed returns for AYs 2011-12 and 2013-14 on 4 March 2013 and 29 November 2014. The Court treated the applicable due dates as 30 September 2011 and 31 October 2013. A prosecution show-cause notice for AY 2011-12 was issued on 27 October 2014, and that offence was compounded under the 2008 Guidelines. The AY 2013-14 notice was dated 12 March 2015; the ensuing compounding application, made on 19 March 2015, was governed by the 2014 Guidelines. The Chief Commissioner rejected it on 14 February 2017 because the AY 2013-14 return had been filed after the earlier notice, treating it as outside the definition of first offence. The Gujarat High Court upheld that rejection on 21 March 2017. The assessee challenged that temporal approach; his explanation that insufficient funds caused the delay was a submission, not a factual exoneration by the Supreme Court.

Source: [official signed judgment / paragraphs 2-10, 41-47 / PDF pages 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 34, 35, 36 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

Relying on Prakash Nath Khanna, the Court held that, for dating a section 276CC default in filing under section 139(1), the relevant point is the day immediately after the prescribed due date. A subsequent belated return under section 139(4), or filing before prosecution, does not move that date. The Court retained the distinction between this timing rule and wilfulness, which is factually adjudicated in prosecution with section 278E in view. It treated the offence dates here as 1 October 2011 and 1 November 2013, both before the first show-cause notice of 27 October 2014.

Section 276CC was a Category B offence under the applicable 2014 Guidelines. Paragraph 8's first-offence definition covers offences committed before the earliest prosecution show-cause notice, prosecution intimation or launching of prosecution, determined separately for each statutory section and the same entity. Its separate limb also includes an undetected offence voluntarily disclosed before the compounding application. That limb expands eligibility; it does not narrow the first limb. Merely filing a belated return, or applying for compounding after a show-cause notice, is not the voluntary disclosure contemplated: the disclosure must spare the Department the task of detecting the offence. The AY 2013-14 default therefore fell within the first limb despite the later date on which its return was filed.

Compounding is not an entitlement. Section 279(2) and its Explanation provide for discretion exercised consistently with CBDT instructions. The Court distinguished the mandatory eligibility requirements in paragraph 7 from paragraph 8's generally applicable restrictions, which must be read with paragraph 4 and permit an exception in a peculiar case on its facts. Conduct, the offence's nature and magnitude, and the case's circumstances remain material. Paragraph 9 separately recognises ministerial relaxation. The Court's reference to the 2019 and 2022 Guidelines' reclassification was contextual only; it expressly applied the 2014 Guidelines to this dispute.

Source: [official signed judgment / paragraphs 27-36, 41-44 / PDF pages 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 / judgment](#); [official signed judgment / paragraphs 46-61 / PDF pages 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46 / judgment](#); [official signed judgment / paragraphs 63, 66-80 / PDF pages 47, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58 / judgment](#)

03 JUDICIAL DECISION

The AY 2013-14 offence qualified as a first offence under the 2014 Guidelines, so that ground alone could not justify refusing compounding. The High Court order and Chief Commissioner's rejection were set aside. The assessee was directed to file a fresh compounding application within two weeks of the judgment, and the competent authority to adjudicate it within four weeks of filing, considering the specified relevant circumstances. Trial proceedings were stayed pending that decision: acceptance would abate them; rejection would permit the trial to continue. The appeal and pending applications were disposed of.

Source: [official signed judgment / paragraphs 81-87 / PDF pages 58, 59, 60 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee, for setting aside the rejection and obtaining fresh consideration

Appeal disposed of with rejection orders set aside; fresh application and reconsideration directed; conditional stay of trial

First-offence construction resolved for the assessee; ultimate compounding decision left to the competent authority

The Supreme Court did not itself compound the offence, acquit the assessee, or finally quash the prosecution. The judgment's two-week and four-week directions were case-specific historical deadlines; compliance and the later application/trial outcome have not been verified.

Source: [official signed judgment / paragraphs 81-87 / PDF pages 58, 59, 60 / judgment](#); [reported alternate rendition / paragraphs 81-87 / PDF pages 44, 45 / judgment](#)

05 AKHB REVIEW POINT

For a compounding dispute governed by the 2014 Guidelines, build a section-by-section chronology for the same entity: statutory due date, default date, actual filing date, earliest prosecution communication, detection/disclosure events and application date. A later filing date cannot by itself turn an earlier default into a post-notice offence. Support any voluntary-disclosure claim with evidence of affirmative pre-detection disclosure; do not equate it with filing a late return. Separately establish the mandatory eligibility conditions and the facts supporting favourable discretion. Describe this result as a right to lawful reconsideration, not automatic compounding or immunity. Verify the guideline version and statutory regime governing any new application; the judgment's historical classifications, quoted fees and reference to later guidelines do not certify the rules currently in force.

Source: [official signed judgment / paragraphs 35-36, 44-47, 55, 58-61, 67-74, 78-85 / PDF pages 32, 33, 35, 36, 42, 43, 44, 45, 46, 49, 50, 51, 52, 53, 54, 56, 57, 58, 59 / judgment](#)

ASSESSMENT-YEAR DISTINCTIONS

1.

Assessment year: 2011-12

Role: Earlier offence and first prosecution notice; compounding already allowed under the 2008 Guidelines

Return due date used by court: 2011-09-30

Offence date used by court: 2011-10-01

Actual return date: 2013-03-04

First show cause notice date: 2014-10-27

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 3-5, 41, 44, 47, 69

Pdf pages: 3; 4; 5; 6; 34; 35; 36; 50

Source role: judgment

2.

Assessment year: 2013-14

Role: Application governed by the 2014 Guidelines and disputed in this appeal

Return due date used by court: 2013-10-31

Offence date used by court: 2013-11-01

Actual return date: 2014-11-29

Show cause notice date: 2015-03-12

Compounding application date: 2015-03-19

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 3, 6-8, 42-47, 69

Pdf pages: 3; 4; 6; 7; 8; 35; 36; 50

Source role: judgment

PROVISION-SPECIFIC SCOPE

1.

Section: 276CC

Role: core offence-date issue

Detail: The due-time requirement concerns section 139(1); the default date, rather than the later filing date, determines the temporal comparison for first-offence treatment. Wilfulness, the statutory presumption and applicable prosecution exceptions are not abolished.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 27-36, 41-44

Pdf pages: 21; 22; 23; 24; 26; 27; 28; 29; 30; 31; 32; 33; 34; 35

Source role: judgment

2.

Section: 139(1), 139(4)

Role: core return-timing provisions

Detail: A belated return does not substitute the section 139(1) deadline for dating the offence; statutory versions must be verified independently for a different year.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 32-36

Pdf pages: 24; 25; 26; 27; 28; 29; 30; 31; 32; 33

Source role: judgment

3.

Section: 279(2), Explanation to section 279

Role: core compounding power and control

Detail: Compounding is discretionary and available before or after institution of proceedings. The Explanation authorises CBDT instructions governing that discretion; this judgment construes the 2014 Guidelines.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 48-55, 78-79

Pdf pages: 37; 38; 39; 40; 41; 42; 43; 56; 57

Source role: judgment

4.

Section: 278E

Role: culpable-mental-state context from relied-on precedent

Detail: Prakash Nath Khanna is quoted for the presumption and the accused's opportunity to establish absence of culpable mental state; this is not an acquittal or conviction appeal.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 34

Pdf pages: 26; 31; 32

Source role: judgment

5.

Section: 139(8)

Role: supporting historical statutory analogy

Detail: The judgment uses interest reckoning from the day after the due date as corroboration. Its quotation of historical interest provisions is not independently certified here as applicable/current law.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 32, 37-38, 66

Pdf pages: 24; 25; 33; 34; 49

Source role: judgment

6.

Section: 279(1)

Role: prosecution-sanction context

Detail: Previous-sanction machinery described as context, rather than a decided challenge to sanction in this appeal.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 48-49

Pdf pages: 37; 38; 39

Source role: judgment

7.

Section: 143(1)

Role: quoted factual notice context

Detail: Processing of returns is recited in the notices; no section 143(1) issue is decided.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 4, 6

Pdf pages: 4; 5; 6; 7

Source role: judgment

8.

Section: 119(1)

Role: quoted precedent context

Detail: Appears within Y.P. Chawla's treatment of Board instructions; the compounding-specific Explanation is the operative link.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 52

Pdf pages: 40; 41

Source role: judgment

9.

Section: 140A, 154, 142(1), 148, 153A, 153C

Role: quoted guideline-fee and statutory context

Detail: These provisions appear in the reproduced offence/fee machinery, not independent issues adjudicated. No current fee calculation is offered.

Pinpoint

Source url: [Open cited source](#)

Paragraphs: 28, 31, 65-66

Pdf pages: 22; 23; 24; 48; 49

Source role: judgment

10.

Section: 276B

Role: cited-case context

Detail: The Sports Infratech discussion concerns that cited case's TDS offence; Dobaria itself concerns section 276CC.

Pinpoint**Source url:** [Open cited source](#)**Paragraphs:** 76-77**Pdf pages:** 54; 55; 56**Source role:** judgment**OTHER GOVERNING STATUTES****1.****Statute:** Code of Criminal Procedure, 1973**Provisions:** 218; 219; 321; Chapter XXI-A**Role:** Quoted lower-court and 2014 Guideline context; no separate CrPC issue decided**2.****Statute:** Indian Penal Code, 1860**Provisions:****Role:** Paragraph 56 explains the 2014 Guidelines do not themselves compound IPC prosecutions**SOURCE & VERIFICATION**[Hon'ble Supreme Court source PDF \(official signed judgment\)](#)

Identified source rendition: 60 PDF pages; SHA-256 043239e1c6ba8bd9e7b848d0411661b60f3cfafe3049cc58336dd4ca18d8a958. Original bytes preserved. Physical PDF p. 1 is cover; p. 2 is author/index; paragraphs 1-87 occupy pp. 3-60, followed by signatures and date. No neighbouring decision.

[Open cited source rendition](#)

Date conflict resolved: official signed terminal date and reported cover both establish 7 February 2025; old machine metadata stated 6 February 2025.

Outcome must retain fresh-consideration and conditional-trial language. There is no unconditional compounding, acquittal or final termination of prosecution.

The 2014 Guidelines govern the disputed 19 March 2015 application. Paragraph 80's observations about the 2019/2022 Guidelines are contextual and are not a statement of currently applicable rules.

Do not state that the Guidelines are wholly directory: paragraph 7 eligibility is mandatory, while paragraph 8 restrictions are generally applicable and must be read with paragraph 4's case-specific discretion.

The offence-date holding does not remove wilfulness, section 278E, or the applicable statutory protection against prosecution. No criminal guilt was finally adjudicated in this compounding appeal.

Internal date inconsistencies are retained as source cautions: paragraph 4 narrative states 1 August 2011, but paragraphs 3, 41 and 44 use 30 September 2011 and 1 October 2011; paragraph 9 states 12 February 2015, while the reproduced notice and paragraphs 6 and 13 state 12 March 2015; paragraph 12 prints 31 October 2023, while paragraphs 3, 42, 44 and 69 establish 31 October/1 November 2013. The note follows the Court's operative factual analysis, not the stray dates.

Paragraph 79 prints "Paragraph 4 of the Act"; the surrounding discussion makes clear that paragraph 4 of the 2014 Guidelines is under discussion. The source remains unchanged.

Historical statutory quotations, monetary prosecution thresholds, interest rates and compounding fees are not independently certified or presented as current law.

Editorial headnotes, submissions, reproduced notices and quoted High Court findings are distinguished from the Supreme Court's own analysis. Personal identifiers and addresses in the reproduced notices are unnecessary to this note and are not repeated.

Neutral citation, civil appeal number and SLP number verified on official PDF p. 1. SCR citation verified on reported PDF p. 1. The official PDF contains 60 physical pages, including the cover, while internal judgment pagination runs 1-59.

AY 2013-14 is the compounding application in dispute. AY 2011-12 supplies the earlier notice and already-compounded offence; the judgment mentions two other compounded years without identifying them (para 5).

Selected authorities material to the review and one potentially misleading lower-court quotation. Authorities nested within reproduced precedent are not represented as independently analysed holdings in Dobaria.

STATUTORY SCOPE

1961 Act provisions and 2014 Guidelines as addressed in this judgment; statutory quotations not independently certified for every relevant historical date

No section-by-section 2025 Act crosswalk, comprehensive amendment audit, current compounding-guideline certification, or later-treatment audit has been performed. Determine applicable enactment, savings, year and guideline version separately.

LATER TREATMENT

Source checked 2026-10-04. Subsequent review, stays, judicial treatment, the fresh compounding application and the prosecution's later outcome have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 60](#)

SHA-256: 043239e1c6ba8bd9e7b848d0411661b60f3cfafe3049cc58336dd4ca18d8a958

[reported alternate rendition - PDF p. 1 / SCR p. 476 - PDF pages: 45](#)

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