courtkutchehry.com

Company : CourtKutchehry
Website : www.courtkutchehry.com
Printed For :
Date : 20/09/2026

(1998) 05 SC CK 0013

In the Supreme Court Of India

Case No : Civil Appeal No. 862 of 1987

Prithipal Singh (Dead) through Lrs. APPELLANT

Vs

Commissioner of Wealth Tax RESPONDENT

Date of Decision : 05-05-1998

Acts Referred:
Wealth Tax Act, 1957 — Section 18(1), 18B

Citation : AIR 1999 SC 353 : (1998) AIRSCW 3758 : (1999) 153 CTR 170 : (1998) 234 ITR 45 : (1998) 6 JT 83 : (1998) 5 SCC 328 : (1998) 101 TAXMAN 671

Hon'ble Judges : Sujata V. Manohar, J;G. B. Pattanaik, J

Bench : Division Bench

Final Decision : Dismissed

Judgement

1. Leave has been granted in the present appeal in respect of the question of penalty imposed on the appellant u/s 18(1)(a) of the Wealth Tax Act, 1957 which was not waived and/or reduced u/s 18B of the Wealth Tax Act by the Commissioner.

2. The assessment years involved are 1972-73 up to 1975-76. For Assessment Year 1971-72, this Court has declined leave. Hence, we are not concerned with Assessment Year 1971-72. Penalty has been imposed u/s 18(1)(a) on account of the appellant's failure to furnish a return of wealth tax within the time allowed in the relevant assessment years. The delay ranges from 10 months to 34 months. The penalty which is levied has been calculated on the basis of half per cent for every month of delay. The total amount of penalty levied for these assessment years comes to Rs. 28,366.

3. In his petition u/s 18B the assessee contended that penalty should be waived because he had voluntarily and in good faith made full disclosure of his net wealth by filing the wealth tax returns for the relevant assessment years prior to issuance of any notice u/s 14(2). He had also cooperated in the enquiry relating to the assessment proceedings for the said assessment years. The

Commissioner, in this connection, has observed that the assessee had obtained several adjournments on various grounds, some of which related to obtaining a valuation report. Looking to the series of adjournments, the Commissioner felt that the assessee had failed to cooperate with the Department. In view of the facts and circumstances of the present case, and the conduct of the assessee as set out in the Commissioner's order, the Commissioner was perhaps a little too harsh in not reducing the amount of penalty; specially when the total tax involved in all these assessment years was only about Rs. 7000. The assessee had voluntarily filed the wealth tax returns before the issuance of any notice u/s 14(2). Looking to all the circumstances, this is a fit case where penalty should have been reduced to 50 per cent of what has been levied. It is ordered accordingly. The appeal is thus allowed. There will, however, be no order as to costs.