

SUPREME COURT OF INDIA

Khushiram Behari Lal and Co.

Vs.

Assessing Authority, Sangrur

C.A.No.442 of 1971

(H. R. Khanna and Jaswant Singh, JJ.)

08.10.1976

JUDGEMENT

H. R. KHANNA, J.:-

1. This is an appeal on certificate against the judgment of the Punjab and Haryana High Court whereby the High Court held that the appellant-firm had failed to prove that it had stood dissolved on a date prior to the date of assessment, viz., March 12, 1962.

2. The appellant-firm carries on business as commission agents of cotton and foodgrains. In respect of the year 1959-60, the appellant did not submit any return under the Punjab General Sales Tax Act. A notice was thereupon issued to the appellant-firm and the case was fixed for July 1, 1960. The appellant challenged the validity of the assessment proceedings by means of a writ petition in the High Court. The High Court during the pendency of the petition, stayed the proceedings. Ultimately, it seems the writ petition was dismissed and the assessment proceedings were resumed on November 30, 1961. Various dates were fixed thereafter. February 17, 1962 was fixed as the final date of hearing. On that date, intimation was given on behalf of the appellant that the appellant-firm

had ceased to do any work since February 1961. It was also represented that a formal document had been executed on August 8, 1961. The assessing authority despite that intimation proceeded to make an order of assessment dated March 12, 1962. The appellant thereupon filed another petition under Article 226 of the Constitution in the Punjab High Court, praying for the quashing of the assessment order. It was stated on behalf of the appellant that the appellant-firm had been dissolved before the date of assessment order and as such, the sales tax authorities could not make an order for assessment. The High Court dismissed the petition on the ground that the assessment proceeding had been initiated long before the alleged date of dissolution of the firm. The appellant thereafter came up to this Court in appeal against the said decision of the High Court. This Court set aside the judgment of the High Court, following its decision in the case of State of Punjab v. M/s. Jullundur Vegetables Syndicate, (1966) 2 SCR 457 = (AIR 1966) SC 1295). The case was remanded to the High Court as no definite finding had been given by the High Court regarding the dissolution of the appellant-firm and about the fact as to whether the said dissolution had taken place before the date of the order of assessment, namely, March 12, 1962.

3. After remand, the High Court called upon the sales tax officer to make an enquiry and submit a report on the point as to whether the appellant-firm had been dissolved on August 8, 1961 as alleged by the appellant. The sales tax officer thereafter made an enquiry and submitted a report that the appellant-firm had not proved its dissolution on August 8, 1961 or before the date of assessment order. The High Court, after receipt of the report, itself examined the matter and came to the conclusion that on the material on record brought by the appellant, it had not been proved that the appellant-firm had stood dissolved on a date prior to March 12, 1962. It is the correctness of the above decision of the High Court which has now been assailed before us by the appellant in this appeal.

4. We have heard Mr. Mahajan on behalf of the appellant and find no cogent ground to take a view different from that of the High Court. The High Court, in the course of its judgment, has pointed out that though the assessment order was made on March 12, 1962 a large number of hearings took place between March (sic) 8, 1961, the alleged date of dissolution and March 12, 1962. At no hearing was any intimation given by the appellant to the assessing authority that the firm had stood dissolved. All that was intimated on February 17, 1962 was that the firm had ceased to do work in February 1961 and that a formal document had been executed on August 8, 1961. It was also not the case of the appellant that all the six partners of the appellant firm had signed that document. Another factor which weighed with the High Court was that though intimation is required to be given under Section 16 of the Punjab General Sales Tax Act regarding the dissolution of a firm within thirty days of such dissolution, no such intimation was given by the appellant-firm until April 2, 1962, i.e., nearly eight months after the alleged date of dissolution.

5. In our opinion, the facts and circumstances referred to by the High Court throw a considerable doubt upon the correctness of the statement made on behalf of the appellant-firm that it had stood dissolved on August 8, 1961. It has to be borne in mind that the High Court was dealing with the matter on the writ side. In a writ petition, the scope for interference with a finding of the departmental authorities is much more restricted and the Court can normally interfere only if the

finding is based upon no evidence or is based upon extraneous or irrelevant evidence or is otherwise perverse. The same cannot be said of the finding of the sales tax authority embodied in its report sent to the High Court in the present case. We see no sufficient ground to interfere with the judgment of the High Court. The appeal fails and is dismissed. There will be no order as to costs.

Appeal dismissed.