

The New Piecegoods Bazar Co. Ltd., Bombay v. Commissioner of Income-tax, Bombay

Civil Appeal No. LXVI (66) of 1949

[1950] SCR 553 | 1950-05-26

Historical property-income deduction for statutory annual municipal-tax charges.

Indian Income-tax Act 1922, section 9(1)(iv) | City of Bombay Municipal Act 1888, sections 143,146,154,156,167,197,212 | Bombay Finance Act 1932, sections 22,24(2)(b)

Four-judge bench | Saiyid Fazl Ali J. | M. Patanjali Sastri J. | Mehr Chand Mahajan J. | B.K. Mukherjea J.

Historical statutory scope

Historical section 9(1)(iv), including 1939 amendment, and AY 1940-41; no present-law or subsequent-treatment clearance. Third supplementary reference question was not pressed and is not decided here.

01 FACTS OF THE CASE

An investment company earning Bombay property income claimed deductions of Rs 1,22,675 municipal property tax and Rs 32,760 urban immovable property tax for AY 1940-41. Apart from Rs 48,572 treated as tenants' burdens, the claims were refused; its appeals failed and the Bombay High Court answered the referred questions against it. Only two questions concerning these taxes were pursued before the Supreme Court.

Source: [Primary report: SCR 554-555 / PDF 2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

In the historical section 9(1)(iv), a capital charge meant a charge securing a capital liability, not every charge upon capital property. An annual charge secured an annual liability. Both Bombay taxes were recurring annual levies secured on the property; half-yearly collection did not change their nature. Their variable amounts did not prevent annual character. Separate express treatment of land revenue and business deductions did not justify excluding taxes falling within this clause.

Source: [Primary report: SCR 555-562 / PDF 3-10](#)

03 JUDICIAL DECISION

The company's appeal was allowed with costs and both relevant referred questions answered affirmatively. The Court approved the Allahabad reasoning in the connected Gappumal matter.

Source: [Primary report: SCR 563 / PDF 11](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee: municipal property tax and urban immovable property tax deductible under the historical annual-charge clause.

Source: [Primary report: SCR 563 / PDF 11](#)

05 AKHB REVIEW POINT

Distinguish a liability of capital character from a recurring charge merely secured on immovable property. Check the particular charging statute and period; the Court expressly recognised that municipal-tax laws differ. Do not transplant this superseded wording automatically into current house-property computation.

Source: [Primary report: SCR 556-561 / PDF 4-9](#)

SOURCE & VERIFICATION

[Supreme Court Reports primary scan — public eSCR mirror](#)

PDF 1 begins with a prior unrelated judgment ending, excluded. New Piecegoods caption/headnote then begins; judicial text PDF 2-11 ends before the Gappumal caption/headnote later on PDF 11, excluded.

[Open cited source rendition](#)

STATUTORY SCOPE

Historical section 9(1)(iv), including 1939 amendment, and AY 1940-41; no present-law or subsequent-treatment clearance.

LATER TREATMENT

Source checked 2026-10-18. Historical judgment; later treatment and current-law applicability have not been comprehensively checked.

[Related note: Commissioner of Income-tax, U.P. v. Gappumal Kanhaiya Lal](#)

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from an identified primary report. Independent human review is not represented.

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