

Commissioner of Income-tax, Madras v. K. Srinivasan and K. Gopalan

Civil Appeal No. 9 of 1952

[1953] SCR 486 | 1952-12-22

Historical succession relief: accounting year, assessment year and exempt broken period.

Indian Income-tax Act 1922 sections 2(11), 3, 25(3), 25(4), 26(2)

3-judge bench | Mehr Chand Mahajan J. | S.R. Das J. | N.H. Bhagwati J.

Scope and outcome limits

Historical Indian Income-tax Act 1922 provisions; no subsequent-treatment or current-law clearance is asserted. The Court left the precise meaning of the disputed words in section 25(1) undecided (SCR 500). Report year 1953 is not judgment year: the judgment delivery line at SCR 487 states 22 December 1952; the opening marginal year is inconsistent.

01 FACTS OF THE CASE

Two brothers carried on The Hindu newspaper business in partnership, using an accounting year ending on 30 June. The business had been taxed under the 1918 Act. They transferred it as a going concern to Kasturi and Co. Ltd. on 1 March 1940. In the 1940-41 assessment they claimed section 25(4) exemption for twenty months, from 1 July 1938 to 29 February 1940. The assessing authority confined it to eight months beginning 1 July 1939. The Tribunal accepted the longer period and divided High Court opinions left that result standing. The Commissioner appealed.

Source: [Primary report: SCR 488-489; PDF 3-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read section 25(4) with section 26(2) and the transition from the 1918 to the 1922 charging system. The relief addressed historical double assessment, but did not authorise accelerated assessment of the successor to bring forward the predecessor's relief. For sections 25(3) and (4), the end of the previous year meant the end of the full accounting year immediately preceding the succession or discontinuance, here 30 June 1939. The Court distinguished the revenue-protective premature-assessment provision in section 25(1) from the substantive relief provisions. Departmental manual interpretations did not determine the statutory construction.

Source: [Primary report: SCR 491-496, 498-503; PDF 6-11, 13-18](#)

03 JUDICIAL DECISION

The Revenue's appeal was allowed. Exemption covered the eight-month broken period from 1 July 1939 to 29 February 1940, not the twenty months claimed. The correct assessment year for the succession-period relief was 1941-42; the officer's willingness to allow it earlier did not justify extending the exempt period. No order as to costs was made throughout.

Source: [Primary report: SCR 495-496, 501-503; PDF 10-11, 16-18](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue on the disputed duration of exemption; the taxpayer remained entitled to the statutory eight-month relief.

Source: [Primary report: SCR 495-496, 503; PDF 10-11, 18](#)

05 AKHB REVIEW POINT

Map the accounting year, succession date and assessment year separately. Do not extend historical transition relief merely because assessment of a completed year remains outstanding. Distinguish exemption of the broken period from the separate statutory option to substitute its profits for those of the preceding accounting year.

Source: [Primary report: SCR 496, 501-502; PDF 11, 16-17](#)

SOURCE & VERIFICATION

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

All 18 PDF pages read. First page includes the end of Firm Chhotabhai Jethabhai Patel; last page begins Kalipada Chakraborti. These fragments are not part of this judgment.

[Open cited source rendition](#)

STATUTORY SCOPE

Historical Indian Income-tax Act, 1922 provisions; no present statutory equivalence or current-law clearance is asserted.

LATER TREATMENT

Source checked 2026-10-18. Subsequent treatment and current-law applicability have not been comprehensively checked.

AI DISCLOSURE

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

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, applicable statutory version and subsequent treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding. No current-law clearance is claimed.