

Allahabad Bank Ltd. v Commissioner of Income-tax, West Bengal

Civil Appeal No. 161 of 1952

[1954] SCR 195 | 1953-10-08

Indian Income-tax Act, 1922, section 10(2)(xv)

Indian Income-tax Act, 1922, section 10(2)(xv) | Indian Trusts Act, 1882, sections 3, 5 and 6

5-judge bench | Patanjali Sastri CJI | S. R. Das J. | Vivian Bose J. | Ghulam Hasan J. | N. H. Bhagwati J. (author)

Historical statutory scope

No current-law clearance; not a blanket rejection of pension contributions.

01 FACTS OF THE CASE

The bank executed a pension-fund deed on 15 March 1946 recording an initial Rs. 2 lakh transfer, then contributed a further Rs. 2 lakh during accounting year 1946-47 and claimed that further contribution for AY 1947-48. Its deed left granting, modifying and withdrawing pensions to the bank's discretion and permitted alteration of the regulations.

Source: [Primary report: SCR 197-200](#)

02 DISCUSSION BY THE HON'BLE COURT

Did the deed create an enforceable trust and did the contribution constitute business expenditure? No obligation to grant any pension was imposed on the bank or trustees; eligible staff could apply but not compel payment. Beneficiaries were uncertain and the power was discretionary rather than a trust duty enforceable by the court. No legal and effective trust was created, so the contribution was not expenditure for business under the provision.

Source: [Primary report: SCR 198-202; SCR 200-202](#)

03 JUDICIAL DECISION

The bank's appeal was dismissed with costs.

Source: [Primary report: SCR 203](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue. The bank's appeal was dismissed with costs.

Source: [Primary report: SCR 203](#)

05 AKHB REVIEW POINT

Inspect operative obligations and beneficiaries rather than relying on a pension-trust label or transfer of funds. Capital/revenue classification, section 10(4)(c) and the scope-of-reference dispute were left undecided.

Source: [Primary report: SCR 202-203](#)

SOURCE & VERIFICATION

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

Nine pages / SCR 195-203. Jeewanlal ending precedes target; Century Spinning caption follows it.

[Open cited source rendition](#)

STATUTORY SCOPE

Historical statutory text and assessment period only. Present statutory equivalence and later judicial treatment are not cleared.

LATER TREATMENT

Source checked 2026-10-19. 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.