

Chainrup Sampatram v Commissioner of Income-tax, West Bengal

Civil Appeal No. 142 of 1952

[1954] SCR 211 | 1953-10-09

Indian Income-tax Act, 1922, sections 4(1)(b) and 14(2)(c)

Indian Income-tax Act, 1922, sections 4(1)(b) and 14(2)(c)

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

Historical statutory scope

No current-law clearance. Valuation computation itself not adjudicated.

01 FACTS OF THE CASE

A Calcutta bullion firm moved 582 silver bars to Bikaner for safety and claimed a sale to partners. Tax authorities rejected the sale and retained the bars in closing stock. The firm argued the disputed profit accrued in Bikaner and was exempt.

Source: [Primary report: SCR 213-214](#)

02 DISCUSSION BY THE HON'BLE COURT

Did physical location or valuation of closing stock make the disputed profit accrue in Bikaner rather than where the business operated? Stock valuation balances the cost of unsold goods in determining realised trading results; it is not itself a source of profit. The Court explained the lower-of-cost-or-market rule and the distinction between anticipated loss and unrealised appreciation. The reference, however, assumed the disputed figure was correctly computed and raised only territorial assessability. No business was transacted in Bikaner; profits of this business accrued at Calcutta.

Source: [Primary report: SCR 214-215; SCR 215-218](#)

03 JUDICIAL DECISION

The appeal was dismissed with costs; the affirmative reference answer stood, on different reasoning from the High Court.

Source: [Primary report: SCR 218](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue. The appeal was dismissed with costs; the affirmative reference answer stood, on different reasoning from the High Court.

Source: [Primary report: SCR 218](#)

05 AKHB REVIEW POINT

Keep valuation principles separate from the precise question referred. This ruling does not approve taxation of unrealised appreciation: the computation basis was expressly outside the reference.

Source: [Primary report: SCR 217-218](#)

SOURCE & VERIFICATION

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

Eight pages / SCR 211-218. Opening first page contains Century Spinning ending; target begins at Chainrup caption.

[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.