

Commissioner of Income-tax, Madras v K. R. M. T. T. Thiagaraja Chetty & Co.

Civil Appeals Nos. 131, 131-A and 131-B of 1952

[1954] SCR 258 | 1953-10-14

Indian Income-tax Act, 1922, sections 4(1)(b), 10, 12 and 13

Indian Income-tax Act, 1922, sections 4(1)(b), 10, 12 and 13

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

Historical statutory scope

No current-law clearance. Separate appeal No. 132 for 1943-44 is expressly outside this judgment.

01 FACTS OF THE CASE

Managing-agency commission of Rs. 2,26,850 was credited to the firm and debited as company expenditure, but payment was withheld and transferred to suspense during a dispute over a debt owed by the firm.

Source: [Primary report: SCR 259-263](#)

02 DISCUSSION BY THE HON'BLE COURT

Did withholding payment or later quantification prevent accrued commission from being assessed? The earned commission belonged to the firm; transferring it to suspense did not undo accrual. There was no evidence supporting the Tribunal's cash-basis finding, and cash withdrawals alone did not establish cash accounting. Computation quantified the right rather than creating it; no contractual condition postponed accrual until accounts were made up.

Source: [Primary report: SCR 263-267; SCR 262-267](#)

03 JUDICIAL DECISION

Revenue's three appeals were allowed with costs in both courts.

Source: [Primary report: SCR 268](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue. Revenue's three appeals were allowed with costs in both courts.

Source: [Primary report: SCR 268](#)

05 AKHB REVIEW POINT

Distinguish an accrued entitlement from postponed payment and from a genuine condition precedent. The Court did not decide the hypothetical case of commission contractually conditional on a later event.

Source: [Primary report: SCR 267-268](#)

SOURCE & VERIFICATION

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

Eleven pages / SCR 258-268. Final page starts Kshetra Mohan, a separate judgment.

[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.

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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.