Navinchandra Mafatlal v. Commissioner of Income-tax, Bombay City

Civil Appeal 194 of 1952

[1955] 1 SCR 829 | 1954-11-01

Income-tax Act 1922, section 12B

Income-tax Act 1922, section 12B | Government of India Act 1935, section 100 and Seventh Schedule List I entry 54

5-judge bench | Mehr Chand Mahajan C.J. | S. R. Das | Ghulam Hasan | Bhagwati | Venkatarama Ayyar

Historical statutory scope and outcome limits

Entry 55 concerning capital-value taxation was expressly left unexamined. Historical statutory setting; no later-treatment or current-law clearance is claimed.

01 FACTS OF THE CASE

The assessee's half share of gains on sale of Bombay immovable properties, Rs. 9,38,011, was assessed under newly inserted section 12B. He challenged legislative competence to tax capital gains.

Source: Primary report: SCR 831–832

02 DISCUSSION BY THE HON'BLE COURT

Income in a constitutional legislative entry has its broad ordinary meaning, including capital gains. Judicial interpretations of narrower charging schemes did not establish a restrictive legislative practice that froze the legislative power. Entries conferring power receive a liberal construction.

Source: Primary report: SCR 833–837

03 JUDICIAL DECISION

The 1947 amendment enlarging income, introducing a capital-gains head and inserting section 12B was intra vires entry 54. Appeal dismissed with costs.

Source: Primary report: SCR 838

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded.

Source: Primary report: SCR 838

05 AKHB REVIEW POINT

Separate legislative competence from the scope of a particular charging provision. The judgment validates the power to enact the charge; it does not establish that every capital receipt is taxable without statutory charging language.

Source: Primary report: SCR 834–838

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SOURCE & VERIFICATION

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STATUTORY SCOPE

Historical predecessor legislation only; this is not a decision applying the Income-tax Act, 1961. Verify the applicable statutory text separately.

LATER TREATMENT

Source checked 2026-10-21. 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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