Mehta Parikh & Co. v. Commissioner of Income-tax, Bombay

Civil Appeal 81 of 1954

[1956] 1 SCR 626 | 1956-05-10

Historical interpretation: Income-tax Act 1922, sections 23(3), 26A, 66

Income-tax Act 1922, sections 23(3), 26A, 66

3-judge bench | S. R. Das C.J. | Bhagwati | Venkatarama Ayyar

Historical statutory scope and source qualifications

The second question concerning the separate basis for excess-profits/business-profits taxation became academic and was not decided. Historical statutory setting; no later-treatment or current-law clearance is claimed.

01 FACTS OF THE CASE

The firm encashed sixty-one Rs. 1,000 notes after demonetisation. Its accepted cash book and three affidavits supported its explanation. The Tribunal nevertheless treated Rs. 30,000 as concealed income after allowing the balance.

Source: Primary report: SCR 629–634

02 DISCUSSION BY THE HON'BLE COURT

The accepted accounts were not further impeached and deponents were not called for cross-examination. The partial rejection had no evidentiary basis and rested on conjecture. Bhagwati, with Das C.J., explained legal review of unsupported factual findings; Venkatarama Ayyar concurred specifically on absence of evidence and binding accepted accounts.

Source: Primary report: SCR 634–638

03 JUDICIAL DECISION

Appeal allowed; first referred question answered negatively: no material justified the Rs. 30,000 addition for income-tax, excess-profits-tax or business-profits-tax purposes. Assessee awarded costs here and below.

Source: Primary report: SCR 637–638

04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeded.

Source: Primary report: SCR 637–638

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05 AKHB REVIEW POINT

An unreasoned numerical compromise cannot substitute for evidence. The affidavit conclusion is tied to accepted accounts, reasonable explanation and no attempt to test the evidence; do not present it as automatic acceptance of every affidavit.

Source: Primary report: SCR 634–638

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 13-page Supreme Court Reports scan. Any adjoining report fragments remain in the unchanged original and are excluded from this analysis.

Open cited source rendition

STATUTORY SCOPE

Historical legislation expressly identified in this note. This is not a decision under the Income-tax Act, 1961 or the Income-tax Act, 2025. Verify enacted wording, commencement, transition and subsequent judicial treatment independently before modern reliance.

LATER TREATMENT

Source checked 2026-10-23. Subsequent treatment and present-law applicability have not been comprehensively checked.

AI DISCLOSURE

This AKHB research note uses AI assistance and a preserved full-primary review, with refreshed exact original-byte verification. Independent human review is not represented.

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