Meenakshi Mills, Madurai v. Commissioner of Income-tax, Madras

Civil Appeals 124–126 of 1954

[1956] SCR 691 | 1956-09-26

Historical interpretation: Indian Income-tax Act 1922, sections 66(1), 66(2), 14(2)(c), 42(1), 42(3)

Indian Income-tax Act 1922, sections 66(1), 66(2), 14(2)(c), 42(1), 42(3)

3-judge bench | S. R. Das C.J. | T. L. Venkatarama Ayyar | Syed Jafer Imam

Historical statutory scope and source qualifications

Distinct from later Meenakshi Mills judgments in the collection. Historical reference jurisdiction and British India/State apportionment context. No present-law clearance; modern benami legislation not decided.

01 FACTS OF THE CASE

A yarn manufacturer's books interposed related firms and companies between it and actual buyers, and between cotton suppliers and itself. The Tribunal found sham transactions concealing profits and inflating purchase prices, on evidence including direct delivery and payment, lack of independent business, and implausible pricing.

Source: Primary report: SCR 695–700

02 DISCUSSION BY THE HON'BLE COURT

Inference from facts is not automatically a question of law. Pure fact findings remain final unless unsupported or perverse; mixed questions require application of legal principles. Evidence must be assessed cumulatively. The relevant finding was sham sales, not attribution of a genuinely separate company's business, making corporate-status and capital-source arguments immaterial.

Source: Primary report: SCR 700–730

03 JUDICIAL DECISION

All three appeals against refusal to state a case dismissed with costs. The factual sham-sales and apportionment challenges did not warrant reference; already-settled accrual and section 42 points did not justify a futile further reference.

Source: Primary report: SCR 731–734

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded; concealed profits remained taxable to the appellant that sold goods and received proceeds.

Source: Primary report: SCR 727–734

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05 AKHB REVIEW POINT

Identify whether a proposed reference attacks legal principle, lack of evidence or mere evidentiary weight. Omission from books or non-distribution does not defer accrued income. Historical benami language here distinguishes sham transactions from real transfers; do not treat this as interpretation of modern benami legislation.

Source: Primary report: SCR 720–724, 730–734

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 44-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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