The Erin Estate, Galah, Ceylon v. Commissioner of Income-tax, Madras

Civil Appeal 255 of 1953

[1959] SCR 573 | 1958-04-22

Historical interpretation: Indian Income-tax Act 1922, section 4A(b)

Indian Income-tax Act 1922, section 4A(b) | Indian Partnership Act 1932, section 12

3-judge bench | T. L. Venkatarama Aiyar | P. B. Gajendragadkar | A. K. Sarkar

Historical statutory scope and source qualifications

Decision is 22 April 1958 although reported in 1959 SCR. Current law and treaty position not checked.

01 FACTS OF THE CASE

Indian-resident partners owned a Ceylon tea estate managed day to day by a resident superintendent. They claimed non-residence for the firm; correspondence and budget approvals showed their directions from India.

Source: Primary report: SCR 574–576, 579–581

02 DISCUSSION BY THE HON'BLE COURT

Control means actual directing power, not merely a legal right. Budget approval and instructions concerning expenditure, staffing, reserves and production demonstrated actual Indian control. Even partial control in India defeated the requirement that it be wholly outside; it need not be substantial.

Source: Primary report: SCR 576–582

03 JUDICIAL DECISION

The firm was resident in taxable territories; assessee appeal dismissed with costs.

Source: Primary report: SCR 582–583

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded; High Court residence determination stood.

Source: Primary report: SCR 583

05 AKHB REVIEW POINT

Examine actual decision-making evidence rather than the location of daily operations alone. Distinguish de jure power from its exercise. The ruling applies the historical firm-residence test; subsequent statutory and treaty rules require separate verification.

Source: Primary report: SCR 577–583

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SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 11-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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