Dhandhania Kedia & Co. v. Commissioner of Income-tax

Civil Appeal No. 433 of 1957

[1959] Supp. 1 SCR 204 | 1958-10-17

Historical interpretation: Indian Income-tax Act, 1922: sections 2(6A)(c), 2(11)

Indian Income-tax Act, 1922: sections 2(6A)(c), 2(11)

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

Historical statutory scope and source qualifications

The six-year rule and treatment of current liquidation-year profits reflect the historical statutory text; no present-day liquidation-tax conclusion is supplied. Historical legislation; current treatment has not been independently cleared.

01 FACTS OF THE CASE

After a Udaipur company entered liquidation, its shareholder received Rs. 26,000 from profits accumulated in six preceding accounting years. Income-tax had not operated in Udaipur in those years, but the distribution occurred after its extension to Rajasthan.

Source: Primary report: SCR Supp. (1) 205–207

02 DISCUSSION BY THE HON'BLE COURT

The technical definition of previous year was repugnant to this context. The six previous years meant the company's financial accounting years preceding the liquidation year, not six years each requiring a prior tax assessment. The provision assimilated liquidation distributions of accumulated profits to dividends within its stated historical limit.

Source: Primary report: SCR Supp. (1) 208–211

03 JUDICIAL DECISION

The Rs. 26,000 distribution was dividend under section 2(6A)(c) and chargeable to tax.

Source: Primary report: SCR Supp. (1) 213

04 OUTCOME / IN WHOSE FAVOUR

Assessee appeal dismissed with costs. A new dispute over whether the entity qualified as a company was not entertained because it involved disputed facts and had not arisen from the Tribunal's order.

Source: Primary report: SCR Supp. (1) 212–213

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05 AKHB REVIEW POINT

Read statutory definitions with their contextual qualification. Distinguish taxation of the distribution from whether the underlying profits were earned in a territory then subject to income-tax.

Source: Primary report: SCR Supp. (1) 208–212

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 10-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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