G. Venkataswami Naidu & Co. v. Commissioner of Income-tax

Civil Appeal No. 709 of 1957

[1959] Supp. 1 SCR 646 | 1958-11-24

Historical interpretation: Income-tax Act 1922 sections 2(4), 10 and 66(1)

Income-tax Act 1922 sections 2(4), 10 and 66(1)

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

Historical statutory scope and source qualifications

Historical legislation; current treatment has not been independently cleared.

01 FACTS OF THE CASE

A mill's managing-agent firm assembled four adjoining plots during 1941–42 and sold them to the mill in 1947 at a profit. Its asserted investment and employee-housing explanations were rejected on the evidentiary record.

Source: Primary report: SCR 649–652

02 DISCUSSION BY THE HON'BLE COURT

Whether established facts constitute an adventure in the nature of trade is a mixed question of law and fact, open to reference review for legal error. An isolated transaction can qualify, but all circumstances—not a mechanical count or universal test—must be assessed.

Source: Primary report: SCR 652–664

03 JUDICIAL DECISION

The coordinated acquisitions, absence of meaningful use or development, managing-agent influence and sole resale-profit intention supported the trading-adventure finding. The presumption from exclusive resale intention was unrebutted on these facts.

Source: Primary report: SCR 681–683

04 OUTCOME / IN WHOSE FAVOUR

The taxpayer's appeal was dismissed with costs; the profit remained taxable as business income.

Source: Primary report: SCR 683

05 AKHB REVIEW POINT

Intention to resell at profit is relevant and can raise a strong presumption when sole and exclusive, but it is not conclusive. Ordinary investment realization must be distinguished, and the decision does not make every profitable land sale business income.

Source: Primary report: SCR 662–665, 680–681

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SOURCE & VERIFICATION

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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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