Sarupchand Hukamchand & Co. v. Union of India and Others

Civil Appeal No. 172 of 1955

[1959] Supp. (2) SCR 986 | 1959-05-05

Historical interpretation: Indian Income-tax Act, 1922, sections 23(5)(b), 24(2) proviso (d), 31(3), 31(4)

Indian Income-tax Act, 1922, sections 23(5)(b), 24(2) proviso (d), 31(3), 31(4)

3-judge bench | S. R. Das | N. H. Bhagwati | M. Hidayatullah

Historical statutory scope and source qualifications

Historical statutory provisions; subsequent treatment and current-law applicability have not been verified.

01 FACTS OF THE CASE

Unregistered firm was treated as registered under revenue-benefit option after officer found 1940–41 profit. Consolidated appeal found non-residence and a first-year loss. Officer nevertheless allocated loss to partners and refunded tax instead of reconsidering firm-level carry-forward; departmental and writ remedies initially failed.

Source: Primary report: SCR 988–992

02 DISCUSSION BY THE HON'BLE COURT

Appellate reversal of profit removed foundation for original section 23(5)(b) decision. Officer had to reconsider option consistently with revenue-benefit condition. Section 24(2) proviso (d) did not independently authorize treating a firm as registered to Revenue’s detriment. Finality doctrine did not preserve a premise overturned on assessment appeal.

Source: Primary report: SCR 993–1001

03 JUDICIAL DECISION

Mandamus lay to require appropriate officer to hear and determine matter afresh in light of appellate order and Court’s construction.

Source: Primary report: SCR 1001–1002

04 OUTCOME / IN WHOSE FAVOUR

Appeal allowed; partners must first return earlier refunds as undertaken, in manner directed by officer. Respondents 2 and 3 pay costs throughout; Union bears own costs. This was a direction for lawful redetermination, not a quantified final carry-forward award.

Source: Primary report: SCR 1002

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05 AKHB REVIEW POINT

Preserve both operative conditions: reconsider firm taxation after appellate loss finding, and reverse partner refunds before redetermination. Historical firm-registration regime only.
Source: Primary report: SCR 999–1002

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 17-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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