Lalchand Bhagat Ambica Ram v. Commissioner of Income-tax, Bihar & Orissa

Civil Appeals Nos. 679 and 680 of 1957

[1960] 1 SCR 301 | 1959-05-14

Historical interpretation: Indian Income-tax Act, 1922, section 66

Indian Income-tax Act, 1922, section 66 | Excess Profits Tax Act

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

Grain-trading HUF encashed Rs 2,91,000 demonetised high-denomination notes and explained them through existing cash balances exceeding that amount. Tribunal accepted underlying account books despite admitted later denomination annotations, but arbitrarily treated Rs 1,41,000 as concealed business profits.

Source: Primary report: SCR 303–308

02 DISCUSSION BY THE HON'BLE COURT

Unsupported suspicions about local smuggling, speculative opportunity and prior prosecution could not replace evidence. Accepted genuine balances and business cash needs explained holdings; no evidential basis justified allowing only Rs 1,50,000. Perverse factual findings or findings based on irrelevant material remain reviewable as legal error.

Source: Primary report: SCR 308–319

03 JUDICIAL DECISION

Tribunal’s partial rejection was a rule-of-thumb inference unsupported by material and could not sustain income-tax or excess-profits addition.

Source: Primary report: SCR 313–320

04 OUTCOME / IN WHOSE FAVOUR

Both appeals allowed; High Court judgment set aside; common reference answered negatively; assessee awarded reference and appeal costs.

Source: Primary report: SCR 320

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05 AKHB REVIEW POINT

Use as evidence-appraisal principle on this record, not automatic immunity for cash deposits or endorsement of altered books. Tribunal had accepted books' underlying genuineness and explanation for annotations.

Source: Primary report: SCR 305, 311–313, 319–320

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 20-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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