Commissioner of Income-tax, Bombay North v. Harivallabhdas Kalidas & Co. and connected appeal

Civil Appeals Nos. 145 of 1958 and 323 of 1957

[1960] (3) SCR 50 | 1960-02-19

Historical interpretation: Indian Income-tax Act, 1922: accrual of managing-agency commission

Indian Income-tax Act, 1922: accrual of managing-agency commission

3-judge bench | S. K. Das | J. L. Kapur | 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

Managing agents agreed before the 1950 year-end to reduce commission from 5% to 3%; ratification and formal execution followed. Revenue added the difference as accrued income subsequently relinquished. The contract gave an annual choice of commission basis and required a possible annual rebate tied to the company's dividend capacity.

Source: Primary report: SCR 52–54

02 DISCUSSION BY THE HON'BLE COURT

The agreement had to be read as an integrated whole. The annual option and contingent reduction meant commission accrued only at year-end, not on each sale. Earlier modification therefore preceded accrual; cases of subsequently diverted accrued commission were distinguishable.

Source: Primary report: SCR 55–57

03 JUDICIAL DECISION

No voluntary relinquishment of already accrued commission occurred; the High Court's conclusion for the agents was upheld.

Source: Primary report: SCR 57

04 OUTCOME / IN WHOSE FAVOUR

Revenue's Civil Appeal 145/1958 was dismissed with costs. The managed company did not press connected Civil Appeal 323/1957, dismissed with parties bearing their own costs.

Source: Primary report: SCR 57–58

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05 AKHB REVIEW POINT

Distinguish pre-accrual contractual variation from disposal of accrued income by reading the actual remuneration conditions. The connected company appeal was not decided on an independent deduction merits claim.

Source: Primary report: SCR 54–58

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 9-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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