James Anderson, Administrator of the Estate of the Late Henry Gannon v. Commissioner of Income-tax, Bombay

Civil Appeal No. 335 of 1956

[1960] 3 SCR 167 | 1960-03-04

Historical interpretation: Indian Income-tax Act, 1922: section 12B(1) third proviso, 12B(3), 24B

Indian Income-tax Act, 1922: section 12B(1) third proviso, 12B(3), 24B

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

Historical statutory scope and source qualifications

Old section 12B; current exemptions and treatment not checked.

01 FACTS OF THE CASE

The administrator sold estate shares and securities to distribute proceeds to legatees. He claimed the old section 12B proviso for distribution under a will excluded the gains from tax.

Source: Primary report: SCR 168–170

02 DISCUSSION BY THE HON'BLE COURT

The proviso covered distribution of capital assets in specie, not a preceding sale followed by distribution of cash proceeds. Read with subsections (1)–(3), tax attached when the administrator or later recipient sold the asset at a gain; inherited cost rules did not turn the sale into an exempt distribution.

Source: Primary report: SCR 171–177

03 JUDICIAL DECISION

Sales by the administrator were not protected by the proviso. Whether the sale was compelled by the will was immaterial; “by reason of” qualified the compulsory-acquisition clause.

Source: Primary report: SCR 175–177

04 OUTCOME / IN WHOSE FAVOUR

The administrator’s appeal was dismissed with costs.

Source: Primary report: SCR 177

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05 AKHB REVIEW POINT

Keep transfer of the asset itself distinct from its realisation and later payment of proceeds. This applies the old 1946–1948 capital-gains scheme, and is distinct from the 1963 James Anderson legal-representative/deemed-dividend judgment already in the repository.

Source: Primary report: SCR 170–177

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 11-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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