Commissioner of Income-tax, Bombay City v. Nandlal Gandalal

Civil Appeal No. 788 of 1957

[1960] 3 SCR 620 | 1960-04-21

Historical interpretation: Indian Income-tax Act, 1922: sections 4A(b), 4(1)(b)(iii)

Indian Income-tax Act, 1922: sections 4A(b), 4(1)(b)(iii)

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

Historical statutory scope and source qualifications

Full majority and dissent read. Historical section 4A(b); current treatment not checked.

01 FACTS OF THE CASE

Coparceners of a Kathiawar HUF entered partnerships with strangers in Bombay and Banaras using family funds. Revenue treated the family as resident and taxed Rs. 1,50,000 remitted into British India. The Tribunal and High Court held the family non-resident.

Source: Primary report: SCR 622–626

02 DISCUSSION BY THE HON'BLE COURT

The majority distinguished income ownership from control of the partnership. The HUF as such could not control or manage those firms; their existence alone did not locate control of the family's affairs in British India. Hidayatullah J dissented: the family's investment and continuing business activity through coparceners constituted family affairs managed partly within India.

Source: Primary report: Majority SCR 626–629; dissent SCR 630–640

03 JUDICIAL DECISION

By a two-to-one majority the family was not made resident by these partnerships; the High Court's negative answer was upheld. The ownership of partnership income as HUF income was not reopened.

Source: Primary report: SCR 625–629, 640

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeal was dismissed with costs in accordance with the majority; the dissent's proposed affirmative answer and contrary costs order were not operative.

Source: Primary report: SCR 639–640

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05 AKHB REVIEW POINT

Keep residential status distinct from beneficial ownership of income, and distinguish the majority holding from the dissent's family-activity analysis. The result turns on the facts and the historical statutory test.

Source: Primary report: SCR 627–629, 635–640

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 21-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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