

The Commissioner of Income-tax, Bombay v. S. K. F. Ball Bearing Co., Ltd.

Civil Appeal No. 9 of 1958 — Single Revenue special-leave appeal; only consigned-goods receipts at issue, not goods bought outright and resold by SKF.

[1961] 1 SCR 141 | 1960-08-10

An Indian selling agent's receipt of consignment sale prices was receipt of the foreign principals' embedded profits in the taxable territory, even where the agent had remitted equivalent sums abroad earlier.

1922 Act: 4(1)(a) | 1922 Act: 43 | 1922 Act: 66(1)

3 Judges | S. K. Das | M. Hidayatullah | J. C. Shah

01 FACTS OF THE CASE

Advance remittance did not turn the agent's later collections into receipts on its own account. SKF sold consigned ball-bearing goods for Swedish and Panamanian corporations and was assessed as their statutory agent. Under its agreement it remitted net sale value within the prescribed time even if customers had not paid. The High Court treated only collections preceding remittance as taxable receipts for the principals. Goods that SKF bought outright were expressly outside this appeal.

Source: [SCR 142-145; target passages only,shared-page exclusions in read bounds.](#)

02 DISCUSSION BY THE HON'BLE COURT

Shah J held that the consigned goods remained the foreign corporations' property until sale. SKF's obligation to remit before collection did not alter its selling and collecting agency. Earlier remittances discharged its independent contractual obligation; receipt of sale price occurred when the buyer paid. SKF could then adjust its account for the advance, but the embedded profit was still received for the principals in India. The proposed suretyship analysis failed because no tripartite contract or direct foreign-principal sale guaranteed by SKF was shown.

Source: [SCR 146-147; target passages only,shared-page exclusions in read bounds.](#)

03 JUDICIAL DECISION

The second reference question was answered affirmatively for all relevant consignment sales whose prices SKF received in the taxable territory, irrespective of whether remittance preceded or followed collection.

Source: [SCR 147-148; target passages only,shared-page exclusions in read bounds.](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue appeal partly allowed, as expressly recorded. The High Court's restriction to post-collection remittances was removed. Revenue awarded costs in the Supreme Court and of the High Court reference.

Source: [SCR 148-148; target passages only,shared-page exclusions in read bounds.](#)

05 AKHB REVIEW POINT

Trace title to goods, the collection agency and the contractual reason for each remittance. An advance funded by the agent does not necessarily change whose income is later collected. The case concerns the profit embedded in realised consignment prices, not every foreign remittance or outright resale.

Source: [SCR 146-147; target passages only, shared-page exclusions in read bounds.](#)

ORIGINATING PROCEEDINGS

1.

Case numbers: Income-tax Reference No. 50/X of 1954

Relationship: Former Bombay High Court judgment 24 February 1955.

SOURCE & VERIFICATION

Original reported Supreme Court judgment

8-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All 8 physical text and image pages personally read; SCR141-148. Target boundaries: physical PDF pages 1-8; SCR 141-148. Start: case caption at top of first page. End: above next case caption/divider. State of Madras v. M. A. Noor Mohammed and Co. begins below the divider on p. 8; that sales-tax material is excluded. The terminal report expressly says Appeal partly allowed; preserve that formulation.

Open cited source rendition

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STATUTORY SCOPE

Indian Income-tax Act, 1922; 4(1)(a), 43, 66(1)

The retained Finance Act 2011 text of section 5(2)(a) includes Indian receipt by or on behalf of a nonresident. That receipt rule is the bounded comparison; representative-assessment, treaty and attribution issues have not been separately verified.

Section 5(2)(a), Finance Act 2026 text, covers Indian receipt for a nonresident. Treaty and attribution questions remain outside this comparison.

Historical operative law remains separate from the specified later text. Tax-year applicability, unexamined statutory conditions, complete transition provisions and comprehensive later judicial history have not been verified.

LATER TREATMENT

Source checked 2026-10-08. No specific subsequent judicial treatment independently verified for this note.

No specific subsequent judicial treatment independently verified.

Antecedent authorities are not subsequent treatment.

IDENTIFIED SOURCE LINKS**[Income-tax Act, 1961: bounded later-version comparison](#)**

DOR-hosted Taxmann compilation as amended by Finance Act 2011 The retained Finance Act 2011 text of section 5(2)(a) includes Indian receipt by or on behalf of a nonresident. That receipt rule is the bounded comparison; representative-assessment, treaty and attribution issues have not been separately verified. Identified 2011 version; not current consolidated law, whole-Act or image review. Text pages read: 42, 72-73.

[Income-tax Act, 2025 bounded provisions](#)

Official compilation as amended by Finance Act 2026 Version lines 0-13; section 5(1)-(4), lines 1057-1082, physical p. 27. Capture hashes identify exact extracted tool-output bytes, not remote PDF bytes. No whole-source, image, current-applicability or exhaustive history claim.

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