

Pannalal Nandlal Bhandari v. The Commissioner of Income-tax, Bombay City, Bombay

Civil Appeal No. 408 of 1957 — Single Supreme Court civil appeal disposed of by this judgment.
[1961] 2 SCR 35 | 1960-10-18

A non-resident with taxable Indian income was obliged to respond to the prescribed general return notice; failure attracted section 34(1)(a), without a prior individual notice.

1922 Act: 1(2) | 1922 Act: 22(1) | 1922 Act: 22(2) | 1922 Act: 34(1)(a) | 1922 Act: 34(1)(b) | 1922 Act: 66(1)

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

01 FACTS OF THE CASE

The non-resident appellant had dividend income accruing within the taxable territory but filed no returns for four assessment years. The officer later served notices under section 34 read with section 22(2), and completed assessments that survived the departmental appeals. All notices were admittedly within eight years of the relevant year-end. The assessee argued that, because he lived outside the territory, the general section 22(1) notice imposed no return obligation; only an individual section 22(2) notice could do so. On that argument his earlier inactivity would not be a failure under section 34(1)(a), leaving only the shorter four-year route under clause (b).

Source: [SCR 36-38; facts and procedural record](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read “every person” in section 22(1) as including all persons liable to tax whose income exceeded the exempt amount. Neither the language nor context excluded non-residents. Proper publication of the general notice, read with rule 18, triggered the obligation; the possibility that someone overseas did not learn of it did not justify inserting an exception. Section 22(2) enabled a special notice but did not reduce the separate obligation created by subsection (1). The territorial extent of the Act also did not help: power to tax this locally accruing income was undisputed. That power was not subject to an unexpressed restriction making the general filing machinery applicable only to residents.

Source: [SCR 37-39; reasoning, with opinion boundaries preserved](#)

03 JUDICIAL DECISION

Failure to furnish the required returns fell within section 34(1)(a). Accordingly, the officer could issue the notices within the then-applicable eight-year period. The High Court correctly answered the limitation question against the assessee. Its second question, whether assessments would be invalid if the notices were time-barred, did not arise on that answer.

Source: [SCR 37-39; holding and express limits](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeal dismissed. The assessments were not invalidated by the non-resident's limitation objection; the case did not turn on disputed service of the later reassessment notices. Appeal dismissed with costs.

Source: [SCR 39-39; operative disposition and costs](#)

05 AKHB REVIEW POINT

Separate the underlying filing obligation from the notice that initiates reassessment. A non-resident's status alone did not eliminate the historical duty, but that conclusion depended on admitted taxable income and prescribed publication. It does not dispense with service requirements that apply to a later reassessment notice or establish universal taxability of foreign receipts. Present filing exceptions, charging rules and limitation periods need their own statutory inquiry.

Source: [SCR 38-39; editorial analysis based on the identified primary passages](#)

ORIGINATING PROCEEDINGS

1.

Case numbers: Income-tax Reference No. 5 of 1955

Relationship: Bombay High Court, judgment 28 September 1955

SOURCE & VERIFICATION

Original reported Supreme Court judgment

5-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 five physical text and image pages, SCR 35-39. The preceding State of Maharashtra v Vishnu Ramchandra conclusion above the p 1 rule is excluded. Target caption starts below rule; Shah J judgment pp 2-5, ending with dismissal and costs. Four assessment years form one Supreme Court appeal.

Open cited source rendition

State of Maharashtra v Vishnu Ramchandra ends above the p 1 dividing rule and is excluded.

Catalogue "Commissionee" is an OCR error; printed target caption reads Commissioner.

Four assessment years are disposed of in one Supreme Court appeal, not four independently reported appeals.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 1(2), 22(1), 22(2), 34(1)(a), 34(1)(b), 66(1)

The Finance Act 2011 section 147 Explanation 2(a) includes a specified no-return situation, but the departmental 2026 section 147 directs the reader to later procedural sections 148-153. Neither is treated as reproducing the 1922 general-publication mechanism or its eight-year limit.

Section 280(1)-(4), in the separately read amended 2026 text, expressly requires a reassessment notice and a return within its stipulated period, subject to information suggesting escapement. It does not validate dispensing with that notice by citing this old general-return decision. The 2025 ordinary return exceptions were not independently examined.

The historical operative law is identified separately. Only the stated later versions and bounded passages were checked; applicability to a later tax year, transitional savings and comprehensive judicial history remain unverified.

Other provisions addressed: Income-tax Rules, rule 18; Constitution, Article 136

LATER TREATMENT

Source checked 2026-10-08. No specific later judicial treatment adopted except where expressly stated.

No later primary judicial application of the non-resident general-notice holding has been verified. The historical publication duty is not represented as the present filing mechanism.

Earlier cases discussed in the target judgment do not constitute subsequent history.

IDENTIFIED SOURCE LINKS

[Income-tax Act,1961: bounded provision comparison](#)

DOR-hosted Taxmann compilation labelled as amended by Finance Act2011 Only the identified statutory passages on these pages plus version p42. Not a current consolidated text, Gazette-original authentication, whole-Act or image review. Text pages read: 720-721.

[Income-tax Act,1961 section147](#)

Departmental page labelled2026 Header/version and substantive lines38-64. Bounded section reading only; other referenced sections and applicability/savings not comprehensively verified.

[Income-tax Act,2025 section280](#)

Departmental one-page PDF text including Act4of2026 amendment Full one-page extracted section, lines0-34. No raw PDF retention or image-review claim; one-section comparison only.

[Income-tax Act,2025 section281](#)

Departmental page labelled2025, not represented as2026 consolidation Version/header and all substantive subsections, lines38-71. Full section read including subsection4 exceptions; no whole-Act or currentness guarantee.

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