

The Commissioner of Income-tax, Madhya Pradesh v. Seth Khushal Chand Daga

Civil Appeals Nos. 148 to 150 of 1960 — Three Supreme Court special-leave appeals / Misc. Civil Case No. 184 of 1953 — Former Nagpur High Court originating reference

[1962] 1 SCR 186 | 1961-03-07

An unnotified loss computation did not become final merely because the assessee had not appealed it; section 24(3)'s written notification was material to the statutory appeal.

1922 Act: 24(1) | 1922 Act: 24(3) | 1922 Act: 30

3 Judges | J. L. Kapur | M. Hidayatullah | J. C. Shah

01 FACTS OF THE CASE

The assessee's individual-business losses had been adjusted against his share of profits in an unregistered firm. For the earlier year the officer fixed the loss to be carried forward at ₹53,840, but did not notify that computation by an order in writing. Although the assessee appealed the assessment, he did not then challenge the loss figure. He later claimed ₹2,11,760 and renewed the contention in subsequent assessments. The reference raised both his ability to seek redetermination and whether personal-business losses could be set off against his taxed share income from the unregistered firm.

Source: [SCR187 middle-188: loss figures, years and two questions.](#)

02 DISCUSSION BY THE HON'BLE COURT

Hidayatullah J dealt separately with the two questions. The Revenue conceded that Seth Jamnadas Daga governed the set-off question against it, so that issue was not reargued. On finality, section 24(3) required the officer to notify the computed loss in writing. Section 30 provided an appeal against the amount computed and notified. Without that notification the assessee could not take the statutory appeal on this point; his failure to appeal therefore did not establish the finality asserted by the Revenue.

Source: [SCR188 lowerpart-189 upperhalf: concession and notification.](#)

03 JUDICIAL DECISION

The assessee was entitled to have the loss redetermined in a subsequent year, and the High Court's answers were upheld in the circumstances. The Court did not itself fix the redetermined loss at ₹2,11,760. The Revenue's statement that this taxpayer had suffered only later losses and that no revenue would be lost did not supply the legal basis for the decision.

Source: [SCR189 upperhalf: subsequent redetermination permitted.](#)

04 OUTCOME / IN WHOSE FAVOUR

All three Revenue appeals dismissed. The right to seek redetermination survived; the High Court's answer on the separate conceded set-off point also stood. Costs; one hearing fee.

Source: [SCR189 middle above next caption: dismissal, costs, one fee.](#)

05 AKHB REVIEW POINT

Check the actual written loss notification and the statutory route to challenge it before asserting finality. The case is not a general licence to reopen an assessed loss or bypass later return, carry-forward and limitation conditions. Keep the conceded set-off issue distinct from the Court's reasoned notification holding.

Source: [SCR189: statutory notification, appeal and factual limits.](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

4-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 4 physical text/image pages 186–189 read. PREVIOUS: physical 1/SCR186 top through Appeals allowed and separator (~top 30%), Commissioner of Income-tax, Poona v Buldana District Main Cloth Importers Group, Kapur J; its income/excess-profits conclusion and appeals allowed with costs/one fee are excluded. TARGET starts caption physical 1/SCR186 middle (~y390 of 995); headnote continues physical 2 top; Hidayatullah opinion starts physical 2/SCR187 around middle (~y454/995), ends physical 4/SCR189 around 60% with Appeals dismissed, costs one hearing fee. FOLLOWING: Bawa Harigir v Assistant Custodian, Evacuee Property, Bhopal caption/coram/headnote physical 4/SCR189 lower third after separator; its property/constitutional passage excluded. Target alone covers 1922 s24 loss notification/redetermination and conceded unregistered-firm set-off.

Open cited source rendition

Physical 1 opens with Buldana District Main Cloth Importers Group; physical 4 ends with Bawa Harigir. Neither neighboring judgment supplies this note's holding or disposition.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 24(1), 24(3), 30

The 2011 compilation section 157 requires written notification of a computed loss eligible for carry-forward under its specified provisions. It is a bounded historical comparison, not verification of the entire later carry-forward or appeal regime.

2025 section 291 likewise requires written notification of eligible loss under listed provisions. Neither its text nor this case alone establishes that any concluded modern loss assessment can be reopened.

The holding applies the historical 1922 Act. The 2025 Act generally commences 1 April 2026; selected 536(1), (2)(a)–(e), (3)–(4) preserve earlier operation and specified proceedings. Only identified versions/passages were checked; no complete savings, amendment-history or present-case applicability assessment is claimed.

LATER TREATMENT

Source checked 2026-10-08. No specific later judicial treatment is adopted; this is not a finding that later treatment is absent.

Comprehensive subsequent history and present-law applicability remain unverified.

Primary authorities cited within this judgment are not later-use evidence.

IDENTIFIED SOURCE LINKS

[Income-tax Act,1961: 157 in2011 compilation](#)

Displayed2011; retained DOR-hosted Taxmann compilation Physical747/printed 1.706, complete157andnotes33-37. Only listed2011 compilation passages/images read. Footnotes are compilation annotations, not independently verified amending Acts. No fresh endpoint retrieval or current1961consolidation claim. Text pages read: 2, 747. Image pages read: 2, 747.

[Income-tax Act,2025: 291](#)

As amended byFinance Act,2026 Web15930-15937, complete291. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

[Income-tax Act,2025: commencement and selectedsavings](#)

As amended byFinance Act,2026 1(1)-(3)web 0-13;536(1), (2)intro/(a)-(e)web 24385-24408;536(3)-(4)24597-24601. Notfull536. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

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