

## N. T. Patel and Company v. Commissioner of Income-tax, Madras

Civil Appeal No. 424 of 1960 — Supreme Court certificate appeal / Case Referred No. 62 of 1957 — Madras High Court originating reference

[1962] 1 SCR 251 | 1961-03-13

**Registration under section 26A required the relevant-year partnership instrument to specify individual shares; a rectification after that accounting year did not supply the missing requirement.**

1922 Act: 26A

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

### 01 FACTS OF THE CASE

The business had previously operated with four, then five partners under deeds ending on 31 March 1954. A new deed dated 29 March 1954 admitted a sixth partner, who contributed ₹40,000. It did not expressly specify how profits and losses were to be divided. When the officer objected to registration for AY 1955–56, the partners produced a rectification deed dated 17 September 1955. That deed said a clause had been omitted in typing and added a provision sharing profits and losses in proportion to capital contributions. Registration was refused throughout the appellate and reference proceedings.

Source: [SCR252-253: partnership chronology and rectification.](#)

### 02 DISCUSSION BY THE HON'BLE COURT

Kapur J examined the clauses said already to establish the shares. Clause 9 dealt with extra capital subscriptions, clause 11 with interest, clause 34 with future admission of the senior partner's sons, and clause 41(a) with distribution of capital on dissolution. None specified the existing partners' shares in the firm's profits and losses. Section 26A conferred a statutory benefit available only on compliance with its terms. Following Ravula Subba Rao and R.C. Mitter, the requisite instrument had to exist during the accounting year for which registration was sought.

Source: [SCR254-255: four clauses and section26A requirement.](#)

### 03 JUDICIAL DECISION

A deed existed during the year, but it lacked the necessary specification. The later rectification fulfilled that condition only after the relevant accounting year had closed. The Court therefore agreed that the firm was not entitled to registration for AY 1955–56; this was not a finding that no partnership could exist under general partnership law.

Source: [SCR255-256: relevant-year instrument and late rectification.](#)

### 04 OUTCOME / IN WHOSE FAVOUR

Assessee appeal dismissed. Refusal of the requested AY 1955–56 registration stood. Dismissed with costs.

Source: [SCR256 middle: dismissal and costs.](#)

## 05 AKHB REVIEW POINT

Read the entire instrument and distinguish ordinary capital, additional capital, profit rights and loss obligations. Do not treat a later recital of an earlier intention as automatically satisfying an earlier tax-year requirement. Later firm-assessment schemes retain document requirements but have different statutory consequences from old-Act registration.

Source: [SCR254-256: document-specific statutory compliance.](#)

## SOURCE & VERIFICATION

### Original reported Supreme Court judgment

6-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. All6physical text/images SCR251-256. Caption/headnote/jurisdiction physical 1; Kapur opinion begins physical 2 upperquarter; ends physical 6 middle with appeal dismissed, costs. No neighboring text; clauses9,11,34,41(a) quoted are target deed clauses not Act sections. Postyear rectification failed relevant-year section 26A instrument requirement.

### Open cited source rendition

## STATUTORY SCOPE

Indian Income-tax Act,1922; 26A

Displayed 2025 sections 184-185 concern assessment as a firm and specified consequences for non-compliance, not 1922 registration. The 2011 compilation's note 90 records 1993 substitution; section 189A preserves earlier Chapter rules for AY 1992-93 and earlier. Later statutory schemes must not be presented as identical to 26A.

2025 sections 325-326 require an instrument specifying individual shares and prescribe the relevant non-compliance consequences. Documentary continuity does not establish an automatic transfer of the historical rectification result.

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. Ramamohan (11 April 1973), SCR 965D-E, expressly follows N. T. Patel's strict compliance with section 26A and its rules. At 965F-G it rejects retrospective reliance on the then 1961 section 185(2). The Court leaves later validation of the partnership undecided at 962A-B; its six old-Act registration appeals are dismissed.

Only the identified later judgment was checked for this bounded use. Comprehensive subsequent history and present-case applicability remain unverified.

All 8 text/images SCR 959-966. Hegde opinion physical 2/960E through 8/966B; N. T. Patel expressly followed at 7/965D-E for strict 26A/rule compliance. Historical 1961 185(2) not retrospective nor complied with at 965F-G; Court expressly leaves whether later letter validated partnership undecided at 962A-B. Six appeals 471-476/1970 dismissed, own SC costs.

## IDENTIFIED SOURCE LINKS

### Income-tax Act,1961: 184

Displayed2025 Web63-75,184(1)-(5). 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, 1961: 185

Displayed 2025 Web 63–65, complete 185. 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, 1961: 184/185/189A in 2011 compilation

Displayed 2011; retained DOR-hosted Taxmann compilation Physical 780–781/printed 1.739–1.740, 184/185 and notes 87–96; 783/1.742, 189A and note 7. Only listed 2011 compilation passages/images read. Footnotes are compilation annotations, not independently verified amending Acts. No fresh endpoint retrieval or current 1961 consolidation claim. Text pages read: 2, 780–781, 783. Image pages read: 2, 780–781, 783.

### Income-tax Act, 2025: 325–326

As amended by Finance Act, 2026 Web 17022–17059, complete 325–326 including 17057 crosspage. 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 selected savings

As amended by Finance Act, 2026 1(1)–(3) web 0–13; 536(1), (2) intro/(a)–(e) web 24385–24408; 536(3)–(4) 24597–24601. Not full 536. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

### Sri Ramamohan Motor Service v. Commissioner of Income-tax, Hyderabad — [1973] 3 SCR 959

All 8 text/images SCR 959–966. Hegde opinion physical 2/960E through 8/966B; N. T. Patel expressly followed at 7/965D–E for strict 26A/rule compliance. Historical 1961 185(2) not retrospective nor complied with at 965F–G; Court expressly leaves whether later letter validated partnership undecided at 962A–B. Six appeals 471–476/1970 dismissed, own SC costs. Personally read exact prepared full text and every page image; existing primary ownership unchanged; bounded later-use only, no comprehensive history. Text pages read: 1–8. Image pages read: 1–8.

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