

Abdullabhai M. Bhagat, Etc. v. Income-tax Officer, Special Circle, Madras

Petitions Nos. 140 and 177-191 of 1959

[1962] 1 SCR 512 | 1961-03-22

Historical surcharge: Federal purposes and purposes of the Central Government.

Finance Acts, 1942-1945: surcharge provisions | Government of India Act, 1935: sections 100, 138(1)(b), 124 and 313; List I entry 54 | Constitution: Article 32

5-judge bench | S. K. Das, J. | J. L. Kapur, J. | M. Hidayatullah, J. | J. C. Shah, J. | T. L. Venkatarama Aiyar, J.

Assessment years: 1942-43, 1943-44, 1944-45, 1945-46

Historical constitutional framework; shared-page boundary

The case concerns AYs 1942-43 to 1945-46 and the Government of India Act, 1935. Sainik Motors begins below the dismissal on the last PDF page and is not part of this judgment.

01 FACTS OF THE CASE

Four partners of a registered Madras firm made a voluntary disclosure in 1955 after earlier assessments. Reassessments under section 34 followed in April 1959. Sixteen Article 32 petitions challenged the surcharge for AYs 1942-43 to 1945-46, contending that the Federal Legislature could not impose it for the purposes of the Central Government. The surcharge stated in the petitions was Rs. 3,82,791.

Source: [SCR p. 513 / PDF p. 2](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court located legislative competence in section 100 and List I entry 54 of the Government of India Act, 1935. It rejected the suggested restriction based on section 138(1)(b). Reading the revenue provisions and historical definitions together, it found no different concept intended by purposes of the Central Government as against Federal purposes. The argument based on provincial functions did not defeat the levy.

Source: [SCR pp. 514-517 / PDF pp. 3-6](#)

03 JUDICIAL DECISION

All petitions failed and were dismissed with costs, with one hearing fee. The challenge to the legislative authority for the surcharge did not succeed.

Source: [SCR p. 517, upper portion / PDF p. 6](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue on the surcharge challenge. The decision does not determine every issue concerning the voluntary disclosure or reassessment, and it is not a ruling on modern surcharge rates.

Source: [SCR pp. 513 and 517 / PDF pp. 2 and 6](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish the source of legislative taxing power from provisions governing distribution of tax revenues. Match the exact Finance Act and assessment year before using a historical constitutional decision. Do not apply this result as automatic validation of a present surcharge, cess or rate notification.

Source: [AKHB analysis based on SCR pp. 514-517 / PDF pp. 3-6](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Six-page SCR scan. Judgment body runs from PDF page 2 to the dismissal on the upper portion of page 6. The following Sainik Motors case starts on that shared page and is excluded from this note.

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STATUTORY SCOPE

The historical Finance Acts and constitutional framework control this note. Present surcharge rates, modern constitutional questions and Income-tax Act, 2025 applicability are not determined.

LATER TREATMENT

Source checked 2026-10-09. Subsequent treatment has not been comprehensively checked. No current-law or citator clearance is represented.

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