

Balaji v. Income-tax Officer, Special Investigation Circle

Writ Petition No. 240 of 1960

[1962] 2 SCR 983 | 1961-08-04

Constitutional validity of historical family-partnership income clubbing as an anti-evasion measure.

Indian Income-tax Act, 1922: sections 16(3)(a)(i), 16(3)(a)(ii), 25A and 26A | Government of India Act, 1935: Federal Legislative List, Entry 54 | Constitution of India: Articles 13, 14, 19(1)(f), 19(1)(g), 32 and 265; Union List Entry 82

5-judge bench; unanimous judgment delivered by K. Subba Rao, J. | P. B. Gajendragadkar, J. | K. Subba Rao, J. | M. Hidayatullah, J. | J. C. Shah, J. | Raghubar Dayal, J.

Assessment years: 1955-56

Historical statutory setting

Historical 1922 Act clubbing provision and then-applicable constitutional property-right framework; no current section 64 or current-law clearance.

Source and scope caution

The general question whether the income-tax entry permits taxing A on B's income was expressly left open; competence was upheld on the anti-evasion ground.

Additional scope caution

Historical Article 19(1)(f) discussion and period-specific observations about family dependence require their original context; no contemporary applicability is certified.

No current-law clearance

Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

01 FACTS OF THE CASE

After family partition, Balaji and his wife formed a registered partnership admitting their three minor sons to its benefits. For assessment year 1955-56, inclusion of the wife's and minors' shares raised his assessed total from the returned Rs.58,232 to Rs.2,44,625. His Article 32 petition challenged the clubbing provisions and sought to quash the assessment (SCR pp.985-987; PDF pp.3-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court sustained legislative competence on the narrower ground that the taxing entry supported anti-evasion measures, leaving the general power to tax one person's income in another's hands open. Family-partnership classification bore a rational connection to preventing evasion and could include genuine arrangements. Tax statutes remained subject to fundamental-rights scrutiny, but the restriction was reasonable in the circumstances assessed by the Court (SCR pp.988-1000; PDF pp.6-18).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The petition was dismissed with costs; sections 16(3)(a)(i) and (ii) survived the legislative-competence, Article 14 and Article 19 challenges (SCR p.1000; PDF p.18).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue; the petitioner obtained neither invalidation of the provisions nor the requested assessment relief (SCR pp.987, 1000; PDF pp.5, 18).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate legislative competence, rational classification and reasonable restriction; validity of a tax does not follow from Article 265 alone. Registration and genuineness of a family partnership did not displace express historical clubbing. The Court's period-specific social assumptions must not be restated as present-day factual findings.

Source: [Primary judgment: review point](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 18-page SCR asset read in page-preserving text and visually inspected; preceding Roshan Lal Mehra report fragment on physical p.1 excluded.

Open cited source rendition

Catalogue source 1962_2_983_1000: SHA-256

4d23da3bc5b76ddca8faf6ac2c915b89c87e221e513c9582befa41fa0af239dc, 18 pages, read and visually inspected in full.

The published original preserves the exact catalogue bytes and verified hash.

The source verifies identity, bench, provisions, opinion structure and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

Historical 1922 Act clubbing provision and then-applicable constitutional property-right framework; no current section 64 or current-law clearance.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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