

Commissioner of Income-tax, Madras v. K.T.M.T.M. Abdul Kayoom

Review Petition (Civil) No. 16 of 1960 in Civil Appeal No. 64 of 1956

[1962] Supp. 1 SCR 518 | 1961-11-23

Capital expenditure: annual rent secured an exclusive speculative chank-fishing source, not identified stock-in-trade.

Indian Income-tax Act, 1922: section 10(2)(xv)

3-judge bench; 2:1 majority judgment delivered by M. Hidayatullah, J. for himself and J. L. Kapur, J.; S. K. Das, J. dissenting. | S. K. Das, J. | J. L. Kapur, J. | M. Hidayatullah, J.

Assessment years: 1946-47

Historical statutory setting

Historical 1922 Act capital/revenue analysis; no current depreciation, later-treatment or citator clearance.

Source and scope caution

This is a 2:1 rehearing judgment; S. K. Das, J. dissented.

Additional scope caution

Preserve both Review Petition No.16/1960 and the operative Civil Appeal No.64/1956 identity.

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

The chank trader paid annual advance rent under a three-year agreement for the exclusive right to fish and carry away specified shells along a coastline, subject to extraction and output restrictions. It claimed the Rs.6,111 annual payment as revenue expenditure (SCR pp.519-522, 534-537; PDF pp.2-5, 17-20).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The majority focused on the exclusive reserved source, speculative output and separate extraction operation: the payment acquired an enduring source right, not identified shells. Das J. dissented that the arrangement merely secured stock-in-trade and was analogous to supply contracts (SCR pp.519-545; PDF pp.2-28).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

By 2:1 majority Revenue's appeal was allowed, the payment held capital and no costs ordered (SCR p.545; PDF p.28).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue by majority; the detailed dissent supported the assessee's revenue characterization (SCR pp.519-545; PDF pp.2-28).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: identify what a supply or extraction payment secures. Duration, exclusivity, transfer limits, output uncertainty, extraction effort and linkage to quantities may distinguish stock acquisition from an enduring source right.

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

SOURCE & VERIFICATION

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

Full 28-page rehearing report read and visually inspected; the following report fragment on physical p.28 was excluded.

[Open cited source rendition](#)

Catalogue source S_1962_1_518_545: SHA-256

dc5e679c934efb1d51240ab033b62eb364bd0fe31d346698fb252d050831f362, 28 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 capital/revenue analysis; no current depreciation, later-treatment or citator 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.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the original judgment, the governing historical statute and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.