

Commissioner of Income-tax, Bombay v. Manilal Dhanji

Civil Appeal No. 323 of 1961

[1962] 2 SCR 902 | 1962-01-31

Historical trust taxation: no current-year minor benefit and assessment in the correct representative capacity.

Indian Income-tax Act, 1922: sections 2(15), 4, 16(3)(a)(iv), 16(3)(b), 41(1), 66(1) and 66A(2) | Indian Trusts Act, 1882: section 8 | Income-tax Act, 1961: section 64(v), discussed but not treated as declaratory

3-judge bench; unanimous judgment delivered by S. K. Das, J. | S. K. Das, J. | M. Hidayatullah, J. | J. C. Shah, J.

Assessment years: 1954-55

Historical statutory setting

The Court noted broader 1961 Act language; this 1922 Act result is not current trust-planning guidance.

Source and scope caution

Section 16(3)(a)(iv) was not pressed before the Supreme Court.

Additional scope caution

The Court expressly refused to treat broader 1961 section 64(v) wording as declaratory of the 1922 law.

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

Two trust amounts were added personally: Rs.410 accumulated into corpus until the assessee's minor daughter reached 18, and Rs.14,170 paid under a family trust for the assessee, wife and children. The issues were clubbing and whether he was sole beneficiary (SCR pp.902-906; PDF pp.1-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Artificial clubbing liability required strict construction: the minor had no current right or benefit, only later income from enlarged corpus. The family instrument imposed binding trust obligations for indeterminate beneficiaries; the assessee was not sole beneficiary, though representative assessment at the maximum rate remained possible (SCR pp.907-917; PDF pp.6-16).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

Revenue's appeal was dismissed with costs and the High Court answers for the assessee affirmed (SCR p.917; PDF p.16).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on disputed personal-income additions, without exempting the Rs.14,170 from representative trustee assessment (SCR pp.916-917; PDF pp.15-16).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate current beneficial entitlement from future corpus enlargement, and personal beneficial receipt from representative receipt as trustee. Capacity determines the lawful assessment route.

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

SOURCE & VERIFICATION

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

Full 16-page SCR asset read and visually inspected; the adjacent-report tail on physical p.1 was excluded.

[Open cited source rendition](#)

Catalogue source S_1962_2_902_917: SHA-256

059c684b8cd4fe40fb565872ea88ff076244b466f4715b9e321e2c6e644b9e04, 16 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

The Court noted broader 1961 Act language; this 1922 Act result is not current trust-planning guidance.

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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