

Purshottamdas Thakurdas v. Commissioner of Income-tax, Bombay

Civil Appeal No. 597 of 1961

[1963] Supp. 2 SCR 668 | 1962-12-04

Whether dividend income had to be included in an estimate for advance tax and could attract penal interest under the 1922 Act

Indian Income-tax Act, 1922: sections 16, 18, 18A and 49B

Five-judge bench with a two-judge dissent | S. K. Das, J. | J. L. Kapur, J. | A. K. Sarkar, J. | M. Hidayatullah, J. | Raghubar Dayal, J.

Historical ruling; verify current law

This judgment applies historical legislation and facts. Do not treat this note as a current-law or citator-status certificate.

01 FACTS OF THE CASE

The assessee omitted dividend income from his advance-tax estimate. The Officer treated it as includible and levied interest because advance tax paid was below the statutory percentage of regular-assessment tax.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

The majority linked the shareholder's statutory credit and the fiction that company-paid income tax on dividends was paid by the shareholder to the deduction-at-payment language excluding that income from advance tax. Sarkar and Raghubar Dayal JJ read section 18A as requiring actual source deduction under section 18 and would have upheld inclusion and interest.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

By majority, dividend income was outside the advance-tax computation under the historical provisions and the penal interest could not be sustained.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee appeal allowed with costs by majority.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: this result turns on the repealed 1922 Act's dividend-tax fiction and divided reasoning. It should not be transposed to modern advance-tax or dividend rules without a fresh statutory analysis.

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

SOURCE & VERIFICATION

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

Complete 23-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 23-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify the current enactment, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

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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General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version 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.