

Commissioner of Income-tax, New Delhi v. Rao Thakur Narayan Singh

Civil Appeal No. 954 of 1963

[1965] 1 SCR 990 | 1964-10-30

Reassessment finality: an Income-tax Officer could not use section 34 to circumvent a final Tribunal order that had mistakenly set aside reassessment of interest income when the available rectification and reference remedies were not pursued.

Indian Income-tax Act, 1922: sections 22(2), 23(3), 31, 33, 34(1)(a), 35, 66 and 66A

3-judge bench | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1942-43

Final order controlled despite mistake

The Tribunal had mistakenly set aside the interest-income reassessment, but Revenue allowed that order to become final instead of invoking rectification or reference remedies. The holding turns on that procedural history.

Repealed 1922 Act

The decision applies sections 34 and 35 and the appellate hierarchy of the repealed 1922 statute; current reopening and rectification law requires separate analysis.

01 FACTS OF THE CASE

For AY 1942-43, a first section 34 notice sought to assess omitted forest and interest income. The assessee disclosed the interest income in the return but disputed taxability of forest income, and the officer reassessed both. The Tribunal held that section 34 could not be initiated for forest income because the officer already knew the relevant facts, yet by inadvertence set aside the entire reassessment, including interest income. Revenue neither sought rectification under section 35 nor a reference. After that order became final, the officer issued another section 34 notice for interest income and assessed it again; the Tribunal sustained that assessment, while the High Court answered the referred validity question against Revenue.

Source: [Assessment history, mistaken Tribunal order and fresh section 34 notice: SCR pp.991-993 / PDF pp.2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that the legal effect of the Tribunal's order was to set aside the reassessment of both forest and interest income on the stated absence of discovery, even though the Tribunal had reasoned only about forest income. The mistake could have been corrected under section 35 or challenged through the statutory reference route, but Revenue did neither. The 1922 Act created a self-contained hierarchy in which a Tribunal order within jurisdiction became final subject to section 66. The 1948 amendment to section 34 did not give the officer authority to reopen a question finally decided against Revenue on the same facts. The earlier finding that the officer knew all relevant facts necessarily negated a fresh claim that nondisclosure supplied reason to believe. Permitting another reopening would confer an unrestricted power of review over decisions of the appellate hierarchy. The Court expressly left aside a case involving genuinely new information acquired after the Tribunal order.

Source: [Effect and finality of the Tribunal's mistaken order: SCR pp.993-995 / PDF pp.4-6; No second reopening on the same facts; unrestricted review rejected: SCR pp.996-997 / PDF pp.7-8](#)

03 JUDICIAL DECISION

The Supreme Court agreed with the High Court's negative answer to the referred question. The officer could not initiate the second section 34 proceeding for interest income in derogation of the final Tribunal order, and Revenue's appeal was dismissed with costs.

Source: [Final holding and dismissal: SCR p.997 / PDF p.8](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee. The section 34 reassessment of interest income could not survive because it attempted to reopen a matter covered by a final Tribunal order on the same factual basis.

Source: [Binding final finding and dismissal of Revenue's appeal: SCR pp.996-997 / PDF pp.7-8](#)

05 AKHB REVIEW POINT

AKHB analysis: when an appellate order contains an apparent overbroad or accidental direction, do not assume the assessing authority can cure it by starting the same substantive proceeding again. Identify the statutory correction, review or appeal route, preserve its limitation period, and distinguish a later proceeding based on genuinely new information from one that merely circumvents a final finding. Any modern application requires independent analysis of the current statute and later authority.

Source: [AKHB analysis based on finality and the unexercised rectification remedy](#)

SOURCE & VERIFICATION

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

Full 8-page SCR report read and visually checked. The editorial headnote on PDF p.1 was distinguished from Subba Rao J.'s unnumbered judgment beginning on PDF p.2 and continuing through PDF p.8.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 8-page count match catalogue asset 1965_1_990_997; every page was read as extracted text and inspected as a rendered image.

The judicial text verifies Civil Appeal No. 954 of 1963, the three-member bench, AY 1942-43 and dismissal of Revenue's appeal with costs.

No published AKHB record with this party identity, case number or source asset was found; later incidental citation of Rao Thakur Narayan Singh in another note is not a duplicate.

STATUTORY SCOPE

The ruling construes the finality, reopening and rectification machinery of the repealed Indian Income-tax Act, 1922. It does not establish the scope of reopening, rectification or appellate finality under current legislation.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive later treatment of finality, reassessment and rectification, and the current reopening regime, has not been checked; no current-law or citator clearance is represented.

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