

K. S. Venkataraman & Co. v. State of Madras

Civil Appeal No. 618 of 1963

[1966] 2 S.C.R. 229 | 1965-10-18

Historical jurisdiction companion: Income-tax tribunals, statutory validity and civil refund suits.

1922 Income-tax Act: sections 23, 30, 31, 33, 66, 66A(2), 67 | Madras General Sales Tax Act, 1939: section 18A | Limitation Act, 1908: Article 96

Five-judge Bench; majority 3:2 | K. Subba Rao J. | K.N. Wanchoo J. | J.C. Shah J. | S.M. Sikri J. | V. Ramaswami J.

Majority allowed the appeal; dissent proposed dismissal

The final order follows the three-judge majority. The refund was sales tax, not income tax.

01 FACTS OF THE CASE

A building contractor paid sales tax on indivisible works contracts for 1948-49 to 1952-53. After the High Court's Gannon Dunkerley ruling, it sued for refund of Rs 36,320-1-11. The courts below treated section 18A and the statutory machinery as a bar. The Supreme Court considered civil jurisdiction and limitation, not an income-tax assessment.

Source: [SCR 232-238 / PDF pp.4-10](#)

02 DISCUSSION BY THE HON'BLE COURT

Subba Rao J., for Wanchoo and Sikri JJ. and himself, rejected Raleigh Investment's premise that constitutional validity could be decided through the 1922 Income-tax machinery. Tax officers and the Tribunal must administer their statute; section 66's limited advisory reference and section 66A(2) appeal do not enlarge that jurisdiction. The majority treated the ultra vires works-contract levy as outside the Sales Tax Act, so section 18A did not bar suit. Shah and Ramaswami JJ. dissented on jurisdiction, though agreeing on limitation.

Source: [Income-tax jurisdiction: SCR 247-252 / PDF pp.19-24](#); [Dissent: SCR 269-278 / PDF pp.41-50](#)

03 JUDICIAL DECISION

The appeal was allowed by majority, with a decree for the plaintiffs as prayed and costs throughout. Under Article 96 of the 1908 Limitation Act, time ran from knowledge of the mistake; the majority's recorded 5 April 1954 knowledge and 23 March 1955 suit were within three years. The constitutional validity of section 18A itself was left undecided.

Source: [Limitation and relief: SCR 253 / PDF p.25](#); [Final Court order: SCR 278 / PDF p.50](#)

04 OUTCOME / IN WHOSE FAVOUR

The appellant succeeded on its sales-tax refund claim; this was not merely a remand. The dissent's proposed dismissal was not the Court's disposition. No income-tax assessment, exemption or refund was adjudicated.

Source: [SCR 278 / PDF p.50](#)

05 AKHB REVIEW POINT

AKHB analysis: Distinguish an ordinary assessment error from a challenge to the validity of the enabling provision, and identify the forum's statutory jurisdiction. This historical discussion of the 1922 Act is not a blanket permission to bypass tax appeals or seek civil refunds today. Check later authorities, the applicable statute and limitation independently; keep the majority's reasoning separate from the dissent.

Source: [SCR 247-253 / PDF pp.19-25](#)

SOURCE & VERIFICATION

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

All 50 pages read. Headnotes SCR 229-232; majority SCR 232-253; dissent SCR 254-278; final majority order SCR 278. Report-page pinpoints used.

[Open cited source rendition](#)

Majority SCR 253 records knowledge on 5 April 1954 and suit on 23 March 1955; dissent SCR 254 contains differing narrative dates. The note follows the majority findings.

STATUTORY SCOPE

Historical sales-tax appeal included for its express analysis of the 1922 Income-tax Act's jurisdictional machinery. It is not a 1961 Act assessment decision or present-day refund guidance.

LATER TREATMENT

Source checked 2026-10-18. Judgment as delivered on 18 October 1965; subsequent treatment and present applicability unverified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 50](#)

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