

Commissioner of Income-tax, Andhra Pradesh v. H. E. H. Mir Osman Ali Khan

Civil Appeals Nos. 46-49 of 1964

[1966] 2 SCR 296 | 1965-10-25

Transitional taxation: former-Ruler immunity, Part B concessions and security-specific exemptions.

Indian Income-tax Act, 1922: sections 3, 4, 8, 41, 60, 60A and 66(1) | Finance Act, 1950: sections 2 and 13 | Part B States (Taxation Concessions) Order, 1950 | Constitution of India: Articles 245, 246 and 372; Union List Entry 82

3-judge bench; unanimous judgment delivered by K. Subba Rao, J. | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1950-51, 1951-52

Historical statutory setting

The judgment applies abolished super-tax, historical princely-State arrangements and transitional instruments; it is not current immunity or trust-tax law.

Fact, opinion and procedural limits

Apply the holding only within the facts, statutory text, opinion structure and procedural posture described in the primary report.

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

After extension of the 1922 Act to Hyderabad, the former Nizam claimed covenant and international-law immunity, full Part B State relief, and exemptions for income-tax-free Hyderabad securities held directly and through two trusts (SCR pp.298-299; PDF pp.3-4).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The covenant preserved personal privileges, not tax immunity; Hyderabad lacked the international personality necessary for sovereign immunity. Prior-year income became assessable after the charging extension. The concession order scaled rates rather than creating full exemption. Specified securities retained income-tax exemption through trusts, but the private-property condition for super-tax protection failed after transfer (SCR pp.299-316; PDF pp.4-21).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

All four appeals were partly allowed and the reference answers modified issue by issue, with each side bearing its own costs in both courts (SCR pp.315-316; PDF pp.20-21).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

Mixed: Revenue won on general assessability and super-tax on trust-held securities; the assessee won the specified income-tax exemptions (SCR pp.309-316; PDF pp.14-21).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate charge, rate concession, personal privilege, security-specific exemption and representative assessment. Trust income may retain statutory character while a private-property condition can fail on transfer (based on SCR pp.309-316; PDF pp.14-21).

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

SOURCE & VERIFICATION

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

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The published original preserves the exact catalogue bytes and verified hash.

The source verifies identity, bench, provisions, material opinion split and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

The judgment applies abolished super-tax, historical princely-State arrangements and transitional instruments; it is not current immunity or trust-tax law.

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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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.