

# Commissioner of Income-tax, Madras v. Messrs. Best and Co.

Civil Appeals Nos. 682 and 683 of 1964

[1966] 2 SCR 480 | 1965-11-02

## Termination compensation: trading-agency income and capital restrictive-covenant consideration required apportionment.

Indian Income-tax Act, 1922: sections 10 and 66(1)

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: 1951-52, 1952-53

### Historical statutory setting

The historical result is not a current-law exemption for non-compete receipts; later statutory provisions require separate verification.

### 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

Best and Co. lost one terminable-at-will explosives agency among many and received sales-linked compensation over three years. It also agreed not to sell or accept a competing explosives agency for five years (SCR pp.481-483; preserved eSCR PDF pp.2-4).

Source: [Primary judgment: facts](#)

## 02 DISCUSSION BY THE HON'BLE COURT

Loss of the ordinary agency caused no proved structural dislocation and produced trading receipts. The independent five-year restraint surrendered a competitive right and was capital on the law then applied. Because the payment served two distinct matters, reasonable apportionment was required (SCR pp.484-492; official complete JUDIS PDF pp.4-10).

Source: [Primary judgment: discussion](#)

## 03 JUDICIAL DECISION

Both appeals were partly allowed; only the agency component was assessable, the restrictive-covenant component was capital, and each side bore its own costs in both courts (SCR p.492; official PDF p.10).

Source: [Primary judgment: decision](#)

## 04 OUTCOME / IN WHOSE FAVOUR

Mixed final result with reasonable apportionment directed (SCR pp.489-492; official PDF pp.7-10).

Source: [Primary judgment: outcome](#)

## 05 AKHB REVIEW POINT

AKHB analysis: examine business structure, the lost arrangement's operational role, restraint duration and independent consideration. Preserve contemporaneous evidence needed for a reasonable allocation (based on SCR pp.484-492; official PDF pp.4-10).

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

## SOURCE & VERIFICATION

### [Official Supreme Court JUDIS PDF](#)

Complete 10-page official JUDIS rendition read in full. The catalogue eSCR mirror was also read in full but repeats SCR 485 and omits SCR 487; the official rendition supplies the missing text. Its cover metadata inconsistently prints SCR 430, while the report body and eSCR pagination establish [1966] 2 SCR 480.

### [Open cited source rendition](#)

Catalogue source 1966\_2\_480\_492: SHA-256

f3fd954995d269de69d8e60a666d0eef4f36b90548c1849c7285872ec6e5a835, 13 pages, read and visually inspected in full.

A complete official JUDIS rendition was used for publication because the catalogue asset repeats SCR 485 and omits SCR 487; official SHA-256

1b7f1c32e6c618019a16ac00d55b58cb43a518c4f0bbe9581f4f1820212ed7c0, 10 pages.

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 historical result is not a current-law exemption for non-compete receipts; later statutory provisions require separate verification.

**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.