

Commissioner of Income-tax, Assam v. Nandlal Aggarwal & Another

Civil Appeal No. 820 of 1964

[1966] 2 SCR 612 | 1965-11-17

Representative assessment of guardians for two minor coparceners: whether the income remained that of a Hindu undivided family absent an effective partition.

Indian Income-tax Act, 1922: sections 23(3), 40, 41, 66(1), 66(2) and 66A(2) | Guardians and Wards Act, 1890: guardianship jurisdiction (discussed) | Mitakshara Hindu law: joint-family property and partition (discussed)

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

Assessment years: 1954-55

Historical representative assessment and family law

The holding concerns AY 1954-55 under the repealed 1922 Act and the family/property position found on this record. It should not be used as a present-law answer for guardians, minors or HUF status without checking current statutes and later authorities.

01 FACTS OF THE CASE

Kishanlal Agarwalla, governed by Mitakshara law, had been assessed as an individual on income from the Shri Krishan Rice Mills business. He died in 1950 leaving his widow and two minor sons, Basanta and Ashok; the widow died in 1952. The civil court appointed Nandlal Agarwalla and Dwarka Prasad Agarwalla as guardians of both minors and their properties. For AY 1954-55 the guardians returned the business income in the status of a joint Hindu family. The Income-tax Officer assessed the guardians, while the Appellate Assistant Commissioner directed separate individual assessments and the Tribunal restored assessment in HUF status. The Assam High Court answered the referred question against the Revenue, treating the minors as separate beneficiaries.

Source: [Family, guardianship, assessment and reference history: SCR pp.613-615 / PDF pp.2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court proceeded on the validity of the guardians' appointment because the parties had done so below. It held that a 1958 order allowing separate accounts could not affect the position during accounting year 1953-54. On the father's death, the widow and two minor sons constituted a joint Hindu family and the business was joint-family property; it remained so until positive action effected partition. The guardianship order neither contained words of partition nor could be read as partitioning joint-family property. If guardians carry on business and receive income on behalf of minors in this situation, section 40 requires assessment in the same manner and amount as would apply to the minors if of full age.

Source: [Arguments concerning separate interests and the later separate-account order: SCR pp.615-616 / PDF pp.4-5](#); [No partition, continued joint-family property and application of section 40: SCR pp.616-617 / PDF pp.5-6](#)

03 JUDICIAL DECISION

The Court held that section 40 applied and that the guardians had to be assessed by treating the minors as constituting a Hindu undivided family. It allowed the Revenue's appeal, answered the referred question in the affirmative and awarded the Revenue costs in the Supreme Court and High Court.

Source: [Section 40 holding and operative order: SCR pp.616-617 / PDF p.6](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue. The High Court's negative answer was displaced; the referred question was answered affirmatively, and assessment was to proceed by treating the minors as an HUF through their guardians.

Source: [Final result and costs: SCR p.617 / PDF p.6](#)

05 AKHB REVIEW POINT

AKHB analysis: in a historical representative-assessment file, do not infer tax-unit separation merely from multiple wards, separate guardians or later accounting directions. Identify the beneficial owner/tax unit during the relevant accounting period and locate evidence of an effective partition or other status-changing event before choosing individual or family assessment. For any present dispute, independently check today's representative-assessment provisions and current family and guardianship law.

Source: [AKHB analysis based on the no-partition and section 40 reasoning](#)

SOURCE & VERIFICATION

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

Full 6-page SCR report read and visually checked. The editorial headnote is on PDF p.1; Sikri J.'s judgment for the Court begins on PDF p.2 and ends with the operative answer on PDF p.6.

Open cited source rendition

Exact source bytes, SHA-256 and 6-page count match catalogue asset 1966_2_612_617; every page was text-reviewed and visually checked.

The report verifies Civil Appeal No. 820 of 1964, decision on 17 November 1965, the three-member bench and AY 1954-55.

No Nandlal Aggarwal decision, matching citation, docket or source hash appears in content/supreme-court-cases.json or the prior reviewed releases.

STATUTORY SCOPE

The decision applies representative-assessment provisions of the repealed Indian Income-tax Act, 1922 and historical Mitakshara/guardianship propositions to AY 1954-55. No present Income-tax Act provision, later family-law development or current guardianship rule has been independently checked.

LATER TREATMENT

Source checked 2026-10-10. The complete reported judgment was checked for the historical section 40/HUF holding. Later statutory changes, current Hindu-family law, guardianship law and subsequent judicial treatment have not been comprehensively checked; no citator or current-law clearance is represented.

AI DISCLOSURE

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