

Commissioner of Income-tax, Delhi and Rajasthan v. The Mewar Textile Mills Ltd.

Civil Appeal No. 969 of 1964

[1966] 3 SCR 34 | 1965-12-10

Section 66 reference procedure: unresolved facts about sale proceeds and improperly annexed documents required remand instead of a Supreme Court ruling on taxability.

Indian Income-tax Act, 1922: sections 66(1) and 66A(2) | Income-tax Act, 1961: section 261 (certificate jurisdiction)

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

Assessment years: 1943-44

Remand, not a ruling on taxability

The Supreme Court did not decide whether the disputed Rs.2,73,488 was taxable. It remanded because the material facts were unclear and the parties did not agree on them.

01 FACTS OF THE CASE

For AY 1943-44, Mewar Textile Mills disputed tax on Rs.2,73,488 representing goods sold on railway receipts in the consignees' names, with price received by the assessee's bankers in British India. The Tribunal excluded the item, reasoning that delivery, appropriation and passage of title occurred in Bhilwara and that the bankers receiving payment were the consignees' agents. The Rajasthan High Court mentioned the item but did not decide its taxability while addressing other receipts. Revenue appealed, and the assessee relied on six documents that the Tribunal had annexed to its section 66(1) statement of case without mentioning or discussing them in its appellate order or the body of the statement.

Source: [AY 1943-44 item, Tribunal treatment and High Court omission: SCR pp.35-37 / PDF pp.2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court declined either to determine taxability from the existing record or to treat the six annexures as an adequate factual foundation. The relevant facts were unclear and counsel could not agree on them, so adjudication by the Supreme Court would have been unsafe. It also stated a procedural rule for section 66 references: a Tribunal should not attach fresh documents, apart from the proceedings of the income-tax authorities, that were neither mentioned nor discussed in its appellate order or statement of case. If a High Court decided a dispute about such material, it would be deciding questions the Tribunal had not decided and that lay outside the High Court's advisory jurisdiction.

Source: [Need for remand because facts were unclear: SCR p.37 / PDF p.4; Limits on documents annexed to a section 66 statement: SCR p.38 / PDF p.5](#)

03 JUDICIAL DECISION

The Court accepted Revenue's appeal, set aside the Rajasthan High Court's order insofar as it concerned AY 1943-44 and remanded the reference for disposal according to law. It made no order as to costs and did not determine whether the disputed Rs.2,73,488 was taxable.

Source: [Operative remand and no-costs order: SCR p.39 / PDF p.6](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue only as to procedural relief. Revenue obtained a remand and removal of the High Court's AY 1943-44 disposition, but no party obtained a Supreme Court ruling on the merits or taxability of the disputed sales amount.

Source: [Qualified procedural outcome: SCR p.39 / PDF p.6](#)

05 AKHB REVIEW POINT

AKHB analysis: in a statutory reference, build the factual record at the Tribunal stage and ensure every document needed for a legal question is identified and discussed in the appellate order or statement of case. A remand based on an inadequate record should not be cited as deciding the substantive taxability issue. For current proceedings, verify the governing appeal/reference provisions and modern record-admission rules separately.

Source: [AKHB analysis source: unclear facts, reference limits and remand at SCR pp.37-39 / PDF pp.4-6](#)

SOURCE & VERIFICATION

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

Full six-page SCR source file read. The editorial headnote on PDF p.1 was distinguished from the unnumbered judicial text beginning on PDF p.1; the complete reasons and remand order through PDF p.6 were reviewed.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and six-page count match catalogue asset 1966_3_34_39; all six pages were read and visually checked.

The report verifies Civil Appeal No. 969 of 1964, decision on 10 December 1965, the three-member bench and AY 1943-44.

No matching published title, citation, case number, date or source hash was found in content/supreme-court-cases.json or prior reviewed releases.

STATUTORY SCOPE

The decision concerns the advisory-reference machinery of section 66 of the repealed Indian Income-tax Act, 1922 and a transaction arising in the former State/British India setting. It does not decide the underlying taxability question or establish the procedure under the current appellate statute.

LATER TREATMENT

Source checked 2026-10-10. Later treatment of the section 66 procedural rule and any present-law analogue has not been comprehensively checked; no current citator clearance is represented.

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