

Commissioner of Income-tax, Patiala & Others v. M/s Shahzada Nand & Sons & Others

Civil Appeals Nos. 494 and 495 of 1964

[1966] 3 SCR 379 | 1966-01-19

Historical reassessment limitation: whether the post-1956 'at any time' power in section 34(1)(a) covered concealed income of the war years despite the earlier special mechanism in section 34(1A).

Indian Income-tax Act, 1922: section 34(1)(a), section 34(1A)-(1D) and section 34(4) | Finance Act, 1956 | Income-tax (Amendment) Acts, 1954 and 1959

3-judge bench; unanimous judgment delivered by K. Subba Rao, J. | K. Subba Rao, J. | M. Hidayatullah, J. | R. S. Bachawat, J.

Assessment years: 1945-46

Repealed historical reopening scheme

The result turned on successive amendments to former section 34 and cannot be presented as a current reassessment-limitation rule.

The 'at any time' power remained conditional

The Court described the amended power together with the statutory one-lakh threshold, recorded-reasons requirement and Central Board approval; it did not erase those conditions.

No assessment merits decision

The appeal resolved the jurisdictional time-bar objection to the 1958 notice. It did not adjudicate the alleged concealed income or final tax quantum.

Same-party 1977 decision is different

The existing [1977] 3 SCR 529 AKHB note concerns employee commission under section 36(1)(ii), a different docket, assessment year, source and holding.

01 FACTS OF THE CASE

The respondent Hindu undivided family firm had been assessed through assessment year 1945-46. A 26 March 1954 notice under section 34(1)(a) led to addition of Rs.3,63,000, but the appellate authorities held that notice barred by the then eight-year limit. After section 34(1)(a) was amended from 1 April 1956 to permit notice 'at any time' subject to conditions, the officer issued a fresh notice on 25 July 1958 for assessment year 1945-46. The respondents challenged it, arguing that war-year income was governed exclusively by section 34(1A), whose notice window ended on 31 March 1956. The Punjab High Court accepted that argument (SCR pp.381-382; PDF pp.3-4).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read the amended section 34(1)(a) as covering concealed income for all years beginning with the year ending 31 March 1941, including war years. Section 34(1A) was not a special species overriding the general provision: when enacted in 1954 it reached years largely beyond the former eight-year limit, while after 31 March 1956 its special notice power had worked itself out. Its non-obstante clause operated against the old limitation, not as a permanent exclusion from the later provision. Amendments to section 34(1B) and the 1959 addition of section 34(4) reinforced that notices under section 34(1)(a) could cover war years and revive years already time-barred. Section 34(1A)-(1D) remained because proceedings already begun under them still required their settlement machinery (SCR pp.385-392; PDF pp.7-14).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court preferred the Bombay and Calcutta High Court construction, set aside the Punjab High Court's order, dismissed the writ petition and allowed both Revenue appeals with costs and one hearing fee (SCR p.392; PDF p.14).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue on the historical jurisdictional issue. The 25 July 1958 notice for assessment year 1945-46 was not barred merely because the earlier section 34(1A) notice window had expired; assessment merits and final quantum remained undecided (SCR pp.390-392; PDF pp.12-14).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: reconstruct the amendment sequence before applying a general-versus-special canon. Here the two provisions operated in materially different periods, and the later text plus related amendments showed that the war-year reopening power had moved back to section 34(1)(a). Keep the Court's jurisdictional answer separate from tax merits and from every later reassessment regime (based on SCR pp.385-392; PDF pp.7-14).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 14-page SCR report read and checked. The editorial headnote and adjacent-report boundary text were distinguished from the judicial opinion and operative order.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 14-page count match catalogue asset 1966_3_379_392; every page was reviewed.

The source verifies Civil Appeals Nos. 494 and 495 of 1964, the stated bench, issue, reasoning and operative result.

The published 1977 same-party decision concerns a different docket, assessment year, statute, source and holding; this 1966 judgment is not a duplicate.

No published or archived standalone AKHB note with this source hash, case identity and operative decision was found.

STATUTORY SCOPE

The decision construes historical reopening provisions of the repealed Indian Income-tax Act, 1922 and amendments enacted between 1954 and 1959. It does not determine limitation, sanction or reopening validity under the Income-tax Act, 1961 or later law. No current-law or comprehensive later-treatment clearance was undertaken.

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.

PROFESSIONAL DISCLAIMER

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.