

Commissioner of Income-tax, Bihar and Orissa v. Manager, Court of Wards Estate, Bettiah

Civil Appeal No. 1172 of 1965

[1967] 2 SCR 748 | 1967-02-24

Bettiah estate assessment and disputed escheat: finalisation deferred until title litigation concludes.

Indian Income-tax Act, 1922: sections 41(1), 66(1), 66-A(2) | Income-tax Act, 1961: section 261 mentioned as corresponding appeal provision | Constitution: Articles 289 and 296 (High Court context) | Bengal Court of Wards Act, 1879: section 13

3-judge bench | M. Hidayatullah, J. | J. M. Shelat, J. | G. K. Mitter, J.

Assessment years: 1956-57

No final escheat or tax-exemption decision

The High Court's answer was set aside, but the Court left escheat open and directed finalisation after title litigation. This is procedural relief, not an adjudication that Bihar owned the estate, that tax was finally payable, or that the maximum rate was correct.

01 FACTS OF THE CASE

After Maharani Janki Kuer died on 27 November 1954, the Bettiah Estate remained under Court of Wards management while succession was disputed. A claimant sued as alleged nearest heir; Bihar asserted that the property had vested in it by escheat. The officer assessed the Manager for AY 1956-57 and applied the maximum rate. The High Court answered the assessment question for the assessee and left the rate question unanswered. By the Supreme Court hearing the title suit had reportedly been dismissed, but an appeal remained pending.

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02 DISCUSSION BY THE HON'BLE COURT

The Court could not conclude from the then available facts that escheat had occurred. It stated that an established escheat to the State would exclude the income-tax assessment, but ownership remained unresolved while the title appeal was pending. The proper course was to await that litigation and then finalise the tax-reference proceedings, with a supplementary statement of case if the High Court considered it necessary. The statutory section 41(1) here is the 1922 representative-assessment provision, not the 1961 remission provision.

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03 JUDICIAL DECISION

The Patna High Court judgment was set aside. Proceedings were to be finalised after disposal of the title litigation; the High Court could request a supplementary case statement. Escheat was expressly left open. Costs were to follow the ultimate High Court result: Revenue would pay if escheat was found, and the Commissioner would receive costs if there was no escheat.

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04 OUTCOME / IN WHOSE FAVOUR

Revenue obtained procedural relief against the High Court judgment. Neither party secured a final merits ruling on ownership, substantive income-tax liability or the maximum rate. The conditional costs order is not a present award of costs to either side.

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05 AKHB REVIEW POINT

AKHB analysis: distinguish a contested claim of State ownership from established title. Where taxability depends on pending title litigation, preserve the court's procedural directions and obtain the eventual title decision and supplementary reference record before advising a final tax result. This 1967 order is not evidence of present ownership of the Bettiah Estate, and it supplies no automatic suspension rule for unrelated assessments.

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SOURCE & VERIFICATION

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

Three-page SCR scan. Judicial body begins on PDF p. 1 / SCR p. 748 and ends with conditional costs on PDF p. 3 / SCR p. 750. Unnumbered judicial text.

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STATUTORY SCOPE

Historical statutory text and relevant assessment year control. No automatic mapping to the Income-tax Act, 2025 or current-law certification.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent judicial treatment and present-law applicability remain unverified. No current-law or citator clearance is represented.

IDENTIFIED SOURCE LINKS

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