

The Commissioner of Income-tax, Andhra Pradesh, Hyderabad v. K. Adinarayana Murty

Civil Appeal No. 632 of 1966

[1967] 3 SCR 388 | 1967-04-03

Reassessment jurisdiction: a section 34 notice and sanction directed to an individual could not support assessment of the distinct Hindu undivided family unit; a fresh correctly directed notice was valid.

Indian Income-tax Act, 1922: section 34(1)(a)

3-judge bench | J. C. Shah, J. | S. M. Sikri, J. | V. Ramaswami, J.

Assessment years: 1949-50, 1954-55 (status finding providing context)

Jurisdictional status and merits are separate

The Court validated the second notice and assessment procedurally. The Tribunal had remanded the assessment merits because the first appellate authority had not decided them.

01 FACTS OF THE CASE

For AY 1949-50, an original return from the Hindu undivided family produced total income of Rs.2,429, below the taxable limit. The officer later received information about profits from Government procurement work. Having treated the assessee as an individual for AY 1954-55, the officer obtained the Commissioner's sanction and issued a section 34 notice on 22 March 1957 in that individual status. The assessee filed a return as an HUF. Before reassessment concluded, the first appellate authority held in the later-year appeal that HUF was the correct status. The officer then issued a fresh HUF notice on 12 February 1958, received a return, and assessed escaped income of Rs.60,000. The Tribunal upheld that notice and remanded the unexamined merits; the Andhra Pradesh High Court instead treated the first notice as valid and the second as illegal.

Source: [Returns, two notices, status finding and proceedings: SCR pp.389-390](#)

02 DISCUSSION BY THE HON'BLE COURT

An individual and a Hindu undivided family were separate assessment units under the statutory scheme. The first sanction and notice specifically proceeded against the assessee as an individual. Once HUF was accepted as the correct status, proceedings under that notice were illegal, ultra vires and without jurisdiction. Filing a return as HUF in response did not cure the notice or change the character of those proceedings; the officer could treat that return as non est. The Court checked the original assessment file to resolve ambiguity in the stated case and confirm the status for which approval had been obtained. Because the first proceeding was invalid, the officer could disregard it and proceed under the second notice correctly directed to the HUF.

Source: [Separate assessment units, sanction and jurisdiction: SCR pp.390-392](#)

03 JUDICIAL DECISION

The first section 34 notice and return were invalid because they proceeded in individual status rather than the correct HUF status. The assessment pursuant to the second notice was valid. The Court allowed Revenue's appeal, set aside the High Court judgment and answered the referred question affirmatively against the assessee, with no order as to costs.

Source: [Jurisdictional holding and final order: SCR pp.391-392](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on validity of the second reassessment notice and assessment. The decision did not itself resolve the remanded assessment merits. No costs were awarded.

Source: [Referred question answered against assessee: SCR p.392](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the exact taxable person and status named in the reopening proposal, approval, notice, return and final order. A response under a different status may not cure a notice issued to the wrong assessment unit. Preserve the chronology of any appellate status finding and distinguish jurisdictional notice validity from the quantum merits. Before applying this historical rule, verify the later statute's notice-correction, participation, approval, limitation and savings provisions and all subsequent treatment.

Source: [AKHB analysis based on status, sanction and notice chronology](#)

SOURCE & VERIFICATION

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

Full five-page SCR report read. The editorial headnote on PDF page 1 was separated from Ramaswami J.'s judgment on PDF pages 2-5 / SCR pp.389-392.

[Open cited source rendition](#)

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814a2c4a96d1de5e9301418753e8d2324f47fabad0e7f8e1fc8260e9ecd84383; the PDF has five pages.

Title, 3 April 1967 date, three-member bench and Civil Appeal No.632 of 1966 are verified from SCR pp.388-389. Catalogue identifier 1967INSC85 is not printed in the report and is not independently certified here.

The report has no numbered judicial paragraphs; SCR and physical PDF page pinpoints are used.

STATUTORY SCOPE

This decision applies section 34 of the repealed 1922 Act to AY 1949-50. It is not a present-law opinion on notice, approval, status correction or limitation under later reassessment regimes.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment and modern reassessment-law applicability have not been checked; no current citator clearance is represented.

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