

Commissioner of Income-tax, Bombay City-I, Bombay v. National Storage Pvt. Ltd., Bombay

Civil Appeals Nos. 1048-1051 of 1966

[1967] 3 SCR 813 | 1967-04-26

Historical head-of-income classification: receipts from specially constructed film-storage vaults, controlled access and integrated services were business income under section 10 rather than property income under section 9 of the 1922 Act.

Indian Income-tax Act, 1922: sections 2(4), 6, 9, 10 and 66A(2) | Cinematograph Film Rules, 1948

3-judge bench; unanimous judgment delivered by S. M. Sikri, J. | J. C. Shah, J. | S. M. Sikri, J. | V. Ramaswami, J.

Assessment years: 1953-54, 1954-55

Fact-specific complex commercial facility

The result rested on purpose-built vaults, the assessee's control of common access, fire and railway facilities, staff and film-handling use. It was not a rule that every furnished or serviced letting produces business income.

Licences, not leases

The agreements and retained control supported the Court's conclusion that vault-holders were licensees and the assessee remained in occupation for its own concern. A differently structured grant may be classified differently.

No split assessment under the proved arrangement

Because the assessee occupied the premises for the integrated business, the Court rejected splitting property receipts under section 9 from service receipts under section 10.

Catalogue docket was only the lead number

The catalogue identifies Civil Appeal No. 1048 of 1966, while the signed report states Civil Appeals Nos. 1048-1051 of 1966. The note follows the complete docket printed in the primary report.

01 FACTS OF THE CASE

National Storage was promoted after the Cinematograph Film Rules, 1948 required distributors to store films in compliant godowns. It bought approved land at Mahim and built thirteen units, each divided into specialised vaults with examination space, fire-proof doors and other prescribed features. Agreements restricted use to storing and handling films. Vault-holders retained their individual vault keys, while National Storage exclusively held the common entrance key and provided a fire alarm, railway booking offices, a canteen, telephone access and staff. Earlier years had been assessed under section 10, but for 1953-54 and 1954-55 the Income-tax Officer and Appellate Assistant Commissioner applied section 9. A Tribunal majority and the Bombay High Court treated the receipts as business income (SCR pp.814-817; PDF pp.2-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The 1922 Act treated the heads in section 6 as mutually exclusive, with classification governed by practical commercial notions. Section 9 excluded property occupied by the assessee for a business whose profits were taxable, and section 10 covered an adventure or concern in the nature of trade (SCR pp.818-819; PDF pp.6-7). National Storage did more than exploit bare ownership: it constructed a regulated film-storage complex, maintained specialised safety and transport facilities, employed staff and controlled access. The agreements were licences, not leases, and the assessee remained in occupation while carrying on the integrated concern. The hired subject was a complex commercial facility, so the return arose from the concern rather than property rights alone. On those facts the Act did not support taxing a rental component under section 9 and a service component under section 10 (SCR pp.819-820; PDF pp.7-8).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court upheld the High Court's section 10 classification and dismissed Civil Appeals Nos. 1048-1051 of 1966 with costs (SCR p.820; PDF p.8).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of National Storage Pvt. Ltd. Its receipts from the integrated film-vault operation were business income under section 10, not property income under section 9 (SCR pp.819-820; PDF pp.7-8).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: for a property-versus-business classification, document who controls and occupies the premises, whether customers receive exclusive possession, the specialised capital configuration, mandatory services, staffing and the commercial object of the composite receipt. National Storage is strongest where the property is the operational instrument of an integrated concern, not where services are merely incidental to a conventional letting. Recheck the currently governing provisions before reliance (based on SCR pp.818-820; PDF pp.6-8).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 8-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 8-page count match catalogue asset 1967_3_813_820; every page was reviewed.

The source verifies Civil Appeals Nos. 1048-1051 of 1966, the stated bench, issues, reasoning and operative result.

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

STATUTORY SCOPE

The classification arose under mutually exclusive heads in sections 9 and 10 of the repealed Indian Income-tax Act, 1922 and on a specialised 1948 film-storage arrangement. It does not determine present head-of-income treatment for ordinary leases, warehouses or service arrangements. 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.

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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.