

Sixth Income-tax Officer, City Circle II-A, Bangalore v. K.Y. Pillaiah & Sons

Civil Appeal No. 2177 of 1966

[1968] 1 SCR 6 | 1967-07-18

A timely section 34 notice survived the setting aside of the reassessment order. Because the Mysore Act prescribed no separate completion period, the further inquiry was not barred by expiry of four years. Revenue's appeal was allowed and the prohibition against continuing the proceeding was set aside.

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

Mysore Act notice limitation

Section 34 of the Mysore Act contained no completion deadline. This ruling does not override a later statute's express time limits or decide the reassessment quantum.

Operative context: Mysore Income-tax Act, 1923; historical sections 34, 66(2).

01 FACTS OF THE CASE

The respondent Hindu undivided family was originally assessed for AY 1949-50 under the Mysore Income-tax Act. A reassessment notice was served on 6 March 1951. The resulting order of 21 May 1954 was set aside by the Appellate Assistant Commissioner on 4 November 1961, with directions for fresh inquiry on specified matters.

The assessee obtained a reference covering both limitation and the appellate authority's power to direct reassessment. It did not press the limitation question; the High Court upheld the remand power. When the officer resumed the inquiry, however, the assessee secured a writ of prohibition on limitation grounds. The High Court relied on its earlier interpretation of a Mysore sales-tax rule.

Source: [SCR 6 H-7 H](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court applied the Mysore Income-tax Act, 1923, which continued to govern this assessment despite Mysore's merger into the Union. It read section 34 as requiring escaped or under-assessed income and service of notice within four years after the assessment year. The section did not prescribe a period for completing the resulting proceeding.

The distinction between the notice and the assessment order was decisive. The appellate authority had vacated the 1954 order, but had not quashed the notice served in 1951. Further inquiry therefore continued an existing, timely proceeding; it was not a fresh initiation after the notice deadline. The High Court's limitation conclusion could not stand against that statutory text and procedural history.

There was an additional procedural reason to reject the writ challenge. The assessee had already obtained a reference on the same limitation question and had chosen not to press it. The Court treated that question as answered against the assessee and held that it could not then be re-agitated under article 226.

Source: [SCR 7 H-9 A](#)

03 JUDICIAL DECISION

The Supreme Court allowed the appeal and set aside the High Court's prohibition order. The assessment inquiry could continue under the surviving notice; the Court did not determine the amount of escaped income or restore the vacated assessment as a final tax liability.

Source: [SCR 8 F-9 B](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeal allowed; High Court prohibition order set aside. Result: Revenue on the limitation and procedural challenge. Costs: Respondents to pay Revenue's costs in the Supreme Court and High Court. Scope: Reassessment continuation upheld; substantive assessment remained for further inquiry. Limit: Section 34 of the Mysore Act contained no completion deadline. This ruling does not override a later statute's express time limits or decide the reassessment quantum.

Source: [SCR 8 F-9 B](#)

05 AKHB REVIEW POINT

Build separate timelines for notice service, assessment, appeal and remand. Identify exactly what the appellate order set aside, and read the governing completion provision independently. Also check whether a proposed writ ground was abandoned in an earlier reference. The surviving-notice analysis is useful; the absence of a completion limit is specific to this statute.

Source: [SCR 8 D-9 A](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

4-page retained public-mirror SCR report. The complete report was read as text and page images. Fresh remote authentication as a signed original is not claimed.

Open cited source rendition

The final judicial paragraph says the appeal is allowed and awards costs to Revenue; the reporter's separate 'Appeal dismissed' label contradicts it. This note follows the Court's operative paragraph. The decision date is 18 July 1967, although the report is in the 1968 SCR volume.

STATUTORY SCOPE

Mysore Income-tax Act, 1923; historical sections 34, 66(2).

Current statutory equivalence and Income-tax Act, 2025 applicability have not been verified. No automatic carry-over of this precedent is claimed.

LATER TREATMENT

Source checked 2026-10-06. A targeted search by case name and citation did not yield a later income-tax application substantively verified in this review. No comprehensive subsequent-history conclusion is made.

AI DISCLOSURE

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