

M. M. Ipoh & Others v. Commissioner of Income-tax, Madras

Civil Appeals Nos. 1060 to 1064 of 1965 and Civil Appeals Nos. 1103 to 1107 of 1966
[1968] 1 SCR 65 | 1967-07-26

Historical association-of-persons assessment: constitutionality of the section 3 election, a firm/minor/individual association, annual non-application of res judicata and the procedure for treating a person as principal officer.

Indian Income-tax Act, 1922: sections 2(9), 2(12), 3, 9(3), 14, 22(2), 23, 23A, 34, 43, 63(2) and 66 | General Clauses Act, 1897: section 3(42) | Constitution of India: Articles 14 and 226

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

Assessment years: 1952-53, 1953-54, 1954-55, 1955-56, 1956-57

1951-52 was not decided by the Supreme Court

The High Court had held that no association of persons existed in 1951-52. The Supreme Court expressly said that correctness of that ruling was not before it and decided only the later-year appeals.

Annuality limits the res judicata proposition

The earlier-year finding could be cogent evidence but was not binding in a later assessment year, especially because the later association included the M.S.M.M. firm and followed a changed ownership arrangement.

Minor membership depended on evidence of assent

The Court did not hold that minority alone creates an association. It relied on the mother's implied assent, the partition deed, common management, selling agency and books.

No permission for double taxation

The section 3 election was upheld as a judicially exercisable choice guided by revenue protection and avoidance of evasion, while the statutory scheme was understood to avoid taxing the same income twice.

01 FACTS OF THE CASE

After a 1940 family partition and later reallocations, properties known as M.M. Ipoh remained under common management with the M.S.M.M. firm. Meyyappa (I), his minor son Chettiappa and, from 1952-53, the M.S.M.M. firm held interests in the trading venture. The Income-tax Officer reopened or initiated assessments, treating the later-year income as that of an association of persons and Meyyappa (I) as principal officer. The Appellate Assistant Commissioner and Tribunal substantially upheld that course. The Madras High Court held there was no association in 1951-52 but upheld the association assessments for 1952-53 to 1956-57, prompting reference and constitutional writ appeals for those five later years (SCR pp.67-70; PDF pp.3-6).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 3's choice to assess association income collectively or members' shares separately did not violate Article 14. The Income-tax Officer acted quasi-judicially under a duty to protect revenue and prevent evasion, with appellate correction available; those features supplied sufficient policy and guidance, and the scheme did not authorise double taxation (SCR pp.70-75; PDF pp.6-11). A firm is a person under the General Clauses Act and may join individuals in an association; minority is not an automatic bar. The evidence supported common purpose and the mother's implied assent for Chettiappa through the partition deed, common management, common selling agency and books (SCR pp.75-78; PDF pp.11-14). Res judicata does not make a fact or law determination for one assessment year binding in another, though it may be evidence; the later association also differed from the 1951-52 arrangement (SCR pp.77-78; PDF pp.13-14). Finally, a separate pre-assessment declaration of principal-officer status was unnecessary where the connected person had notice and the assessment order made the finding, which remained appealable (SCR pp.79-81; PDF pp.15-17).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court rejected the Article 14 challenge, upheld the evidence-based association finding and principal-officer procedure, and dismissed Civil Appeals Nos. 1103-1107 of 1966 and 1060-1064 of 1965 with one hearing fee in each group (SCR pp.75, 81; PDF pp.11, 17).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue. The M.M. Ipoh association assessments for 1952-53 to 1956-57 and Meyyappa (I)'s treatment as principal officer remained effective; the Supreme Court did not disturb or decide the High Court's separate 1951-52 conclusion (SCR pp.77-81; PDF pp.13-17).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: for an association-of-persons issue, build a year-specific evidence map of ownership, assent, common management, common purpose and income-producing activity. Do not assume a prior year's classification controls. For notice objections, distinguish absence of advance adjudication from absence of service or connection; M.M. Ipoh upheld postponement of the status determination, not defective notice generally. Recheck all propositions against the governing current statute before use (based on SCR pp.72-81; PDF pp.8-17).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 17-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 17-page count match catalogue asset 1968_1_65_81; every page was reviewed.

The source verifies Civil Appeals Nos. 1060 to 1064 of 1965 and Civil Appeals Nos. 1103 to 1107 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 ruling concerns former section 3 and related machinery of the repealed Indian Income-tax Act, 1922 for assessment years 1952-53 to 1956-57. The report also describes the High Court's separate 1951-52 ruling, which was not before the Supreme Court. 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.