

Sudhir Chandra Nawn v. Wealth-tax Officer, Calcutta & Others

Writ Petitions Nos. 153 to 155 of 1967

[1969] 1 SCR 108 | 1968-04-23

Constitutional validity and annual operation of the historical Wealth-tax Act: section 3 charged net wealth on each valuation date, Parliament could include non-agricultural land and buildings within aggregate capital-value taxation under Union List entry 86, and absence of valuation rules for an asset class did not invalidate section 7(1).

Wealth-tax Act, 1957: sections 2(c), 2(m), 3 and 7(1) | Constitution of India: Article 246(1) and (3); Seventh Schedule, List I entry 86 and List II entry 49

5-judge bench; unanimous judgment delivered by J. C. Shah, J. | J. C. Shah, J. | V. Ramaswami, J. | V. Bhargava, J. | G. K. Mitter, J. | C. A. Vaidialingam, J.

Assessment years: 1959-60, 1960-61, 1961-62

Historical wealth-tax dispute

The petitions concerned the Wealth-tax Act, 1957, not an income-tax assessment. The Act's present operation and later amendments were not examined.

Aggregate-assets charge distinguished

The Court upheld a tax on aggregate net wealth under List I entry 86; it did not hold that every levy measured by land value is outside State List entry 49.

Overlap reasoning was alternative

The Court first distinguished the two legislative fields and then added that, even if unreconciled overlap existed, Parliament's exclusive List I power would prevail pro tanto under Article 246.

Valuation holding was limited

Section 7(1) did not require valuation rules to exist before an asset could be valued. The Court did not approve any particular valuation or decide an evidentiary dispute about market price.

01 FACTS OF THE CASE

Sudhir Chandra Nawn was assessed under the Wealth-tax Act, 1957 for assessment years 1959-60, 1960-61 and 1961-62. After non-payment led to recovery and penalty proceedings, he invoked Article 32 to quash the assessments, penalty and demands. He argued that wealth tax could reach only annual accretions, that the same assets could not be taxed year after year, that inclusion of non-agricultural land and buildings trespassed on State List entry 49, and that section 7(1) was invalid because no valuation rules had been framed for land and buildings (SCR pp.108-110; PDF pp.1-3).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 3 charged net wealth as it stood on each corresponding valuation date, not merely the increase since the preceding year, and the Constitution did not prohibit recurring assessment periods. Net wealth aggregated all assets and deducted relevant debts and obligations (SCR p.110; PDF p.3). List I entry 86 imposed tax on the capital value of aggregate assets; List II entry 49 concerned land and buildings as taxable units. Using capital or annual value as a measure did not erase that difference. Even if exceptional cases produced overlap, the specific Union power could not be nullified by the more general State entry; Article 246 made State power subject to Parliament's exclusive List I authority (SCR pp.110-113; PDF pp.3-6). Section 7(1) directed valuation subject to rules but did not make rule-making a condition precedent to valuation. The unpleaded expropriation argument also failed (SCR p.114; PDF p.7).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court rejected every constitutional and statutory challenge, held the Wealth-tax Act competent insofar as net wealth included non-agricultural land and buildings, upheld section 7(1), and dismissed all petitions with costs and one hearing fee (SCR pp.113-114; PDF pp.6-7).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Wealth-tax Officer and the other respondents. The historical assessments, penalty and demands survived the Article 32 challenge; no valuation amount was recomputed by the Supreme Court (SCR p.114; PDF p.7).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: in a legislative-competence challenge, identify the true subject and taxable unit rather than relying only on the valuation measure. Separate an aggregate net-assets levy from a direct levy on land or buildings, map the competing entries through Article 246, and preserve any rule-making or valuation objection as a distinct statutory question. Recheck the present statute and subsequent constitutional authorities because this 1968 ruling supplies no current wealth-tax or property-tax clearance (based on SCR pp.110-114; PDF pp.3-7).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 7-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 7-page count match catalogue asset 1969_1_108_114; every page was reviewed.

The source verifies Writ Petitions Nos. 153 to 155 of 1967, 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 wealth-tax assessments for 1959-60 to 1961-62 under the Wealth-tax Act, 1957 and the constitutional entries as then applied. It does not establish current wealth-tax liability, property-tax treatment, valuation practice or income-tax consequences. No current-law or 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.

PROFESSIONAL DISCLAIMER

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.