

P. N. Krishna Iyer v. Commissioner of Income-tax, Kerala

Civil Appeal No. 1997 of 1966

[1969] 1 SCR 943 | 1968-09-03

Hindu undivided family attribution and historical revision jurisdiction: governing-director salary, commission and sitting fees were HUF income because family assets and funds generated the earning structure, and the unappealed HUF assessment could be revised under section 33B.

Indian Income-tax Act, 1922: sections 3 and 33B

3-judge bench; unanimous judgment delivered by J. C. Shah, J. | J. C. Shah, J. | V. Ramaswami, J. | A. N. Grover, J.

Assessment years: 1954-55

Source-and-detriment inquiry

Personal effort did not automatically make the receipts individual income. The Court examined the source, relation to HUF assets and the purpose for which the benefit was paid.

Family assets dominated the structure

The qualifying shares were bought with family funds, service-allotted shares were treated as family property, and the company's operating assets came from the HUF without immediate cash payment.

Revision targeted an unappealed order

The Commissioner revised the HUF assessment, which had not been appealed. Consequential adjustment of the final individual assessment avoided double taxation and did not amount to revising the appellate order.

Mixed law-and-fact conclusion

Whether the income belonged to the HUF or individual was treated as a mixed question, allowing review of whether the legal test had been correctly applied to primary facts.

Assessment-year wording

The report brings the disputed receipts to tax for 1954-55, but the jurisdiction question refers to individual appeals covering 1954-55 to 1957-58. This note does not infer additional disputed years beyond the express assessment narrative.

01 FACTS OF THE CASE

P. N. Krishna Iyer's transport business was treated at a 1951 partition as joint-family property and allotted to him. In 1952 P.S.N. Motors (P) Ltd. was formed, acquired the HUF's business assets valued at Rs.8,01,074/1/4 by crediting the family, and appointed him governing director for life at Rs.3,000 monthly plus 15% of net profit. He bought 100 qualifying shares with HUF money and received 4,880 paid-up shares for promotion, experience and services; dividends were credited to the HUF. For 1954-55 the Income-tax Officer initially assessed salary, commission and sitting fees individually. After appellate directions moved other income to the HUF, the Commissioner used section 33B to include Rs.43,240 of the disputed receipts in the HUF assessment. The Tribunal reversed, but the Kerala High Court upheld revision and HUF attribution (SCR pp.945-947; PDF pp.3-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Commissioner revised only the HUF assessment, which had not been appealed; consequentially changing the individual assessment prevented double taxation and did not revise the Appellate Assistant Commissioner's order. Finality of the individual assessment therefore did not bar section 33B revision of the HUF order (SCR p.947; PDF p.5). On attribution, income from a firm or company in which HUF funds were invested was family income if earned through detriment to, or aid from, those funds; otherwise it could be individual income. Here the qualifying shares came from family funds, the service-allotted shares were treated as family property, and the entire operating assets came from the HUF on a mere promise to pay. The income was primarily generated by family assets, so the personal skill and labour element did not change its character. The final attribution was a mixed law-and-fact conclusion open to challenge for misapplication of the governing test (SCR pp.948-950; PDF pp.6-8).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court upheld the Commissioner's section 33B jurisdiction and the High Court's conclusion that the salary, commission and sitting fees were HUF income. The appeal was dismissed with costs (SCR p.950; PDF p.8).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Commissioner of Income-tax/respondent. The disputed governing-director receipts remained assessable in the HUF's hands, and the revision order survived (SCR pp.947, 950; PDF pp.5, 8).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: for HUF-versus-individual remuneration, map the source of qualifying investment, ownership of service-linked shares, transfer terms for operating assets, actual use or detriment of family property, and the payment's purpose. For revision, identify the exact assessment order revised rather than assuming that a related appellate order protects every connected taxpayer or capacity. Re-test both propositions under the governing current statute (based on SCR pp.947-950; PDF pp.5-8).

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 1969_1_943_950; every page was reviewed.

The source verifies Civil Appeal No. 1997 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 judgment applies historical HUF-income doctrine and section 33B revision under the repealed Indian Income-tax Act, 1922. The report expressly discusses assessment year 1954-55 while the referred jurisdiction question mentions individual appeals for 1954-55 to 1957-58. It does not establish current revision or HUF-attribution rules. 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.

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