

V. D. M. R. M. M. R. M. Muthiah Chettiar v. Commissioner of Income-tax, Madras

Civil Appeals Nos. 1457-1459 of 1958

[1969] 3 SCR 715 | 1969-02-14

Historical minor-income inclusion and reopening: section 16(3) imposed a computation duty on the officer but, under the then return form, not a taxpayer duty supporting section 34(1)(a) reopening; separate assessments on the minors did not prevent inclusion, and the AY 1954-55 section 34(1)(b) reopening remained valid.

Indian Income-tax Act, 1922: sections 2(15), 3, 4(1), 16(3)(a)(ii), 22(1), 22(2), 22(5), 23, 34(1)(a), 34(1)(b), 40 and 59 | Income-tax Rules, 1922: rule 19 and prescribed Form A

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

Assessment years: 1952-53, 1953-54, 1954-55

Mixed year-by-year disposition

The assessee won only for AYs 1952-53 and 1953-54 under section 34(1)(a). The AY 1954-55 section 34(1)(b) notice was upheld, so the decision is not a complete taxpayer victory.

Inclusion and reopening are separate

The Court followed C. R. Nagappa on including the minors' partnership income despite prior assessments on them. It separately rejected reopening under section 34(1)(a) because the then return form imposed no corresponding disclosure obligation.

Historical form limitation

The holding does not create a general right to omit another person's income that a later statute or return form expressly requires an assessee to disclose.

Prior auxiliary use is not a duplicate note

The exact source PDF is already preserved as a bounded later-treatment source in the published C. R. Nagappa note, but no standalone Muthiah judgment note or alternate-identity publication was found.

Complete source boundary

All 7 PDF pages belong to this report, from its heading and headnote on PDF page 1 through the partly allowed order on PDF page 7; no adjacent judgment text was included.

01 FACTS OF THE CASE

Muthiah Chettiar and his three minor sons held separate shares in the M.R.M.S. Firm at Seramban after family partitions. For AYs 1952-53 to 1954-55, Muthiah's individual returns disclosed the firm and partner names and asked the officer to obtain his share or remittance information from the firm's file, but did not state consistently that the three named partners were his minor sons or include their shares. The minors, through their mother and guardian, filed their own returns and were separately assessed. The officer later added their partnership income to Muthiah's total income, issuing section 34(1)(a) notices for AYs 1952-53 and 1953-54 and a section 34(1)(b) notice for AY 1954-55. The AAC, Tribunal and High Court upheld the reassessments and the inclusion (SCR pp.716-718; PDF pp.2-4).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court first followed C. R. Nagappa: prior assessment of the minor through a guardian did not prevent statutory inclusion of the minor's partnership income in the parent's assessment under section 16(3)(a)(ii) (SCR p.718; PDF p.4). It then distinguished the officer's duty to compute total income from the taxpayer's return obligations. Sections 22 and 59 and the relevant Form A required the assessee's own income and partner particulars, but supplied no head for income of another person includible under section 16(3). Even assuming guidance notes asked for such income, the absence of an appropriate head meant omission could not be treated as failure to disclose fully and truly all material facts for section 34(1)(a). Section 16(3) imposed the inclusion duty on the officer, not the asserted reopening disclosure duty on the taxpayer (SCR pp.719-721; PDF pp.5-7). For AY 1954-55, however, the Tribunal found information rather than a mere change of opinion, and the section 34(1)(b) reassessment was within four years; that notice was competent (SCR p.721; PDF p.7).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court set aside the High Court's answer for AYs 1952-53 and 1953-54 and answered the reassessment question in the negative for those years. It confirmed the High Court's answer for AY 1954-55, upheld the minor-income inclusion despite the minors' separate assessments, partly allowed the three appeals and ordered no costs throughout (SCR p.721; PDF p.7).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

Mixed. Muthiah/the assessee succeeded in invalidating the section 34(1)(a) reassessments for AYs 1952-53 and 1953-54. Revenue prevailed for AY 1954-55 under section 34(1)(b) and on the section 16(3) inclusion point. The appeals were partly allowed without costs (SCR pp.718, 721; PDF pp.4, 7).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate substantive inclusion from reopening jurisdiction. An amount may belong in total income while the chosen reopening clause still fails because the statute and return form imposed no relevant disclosure duty. Audit each year independently for the notice clause, limitation period, information or change-of-opinion basis, prescribed form and prior assessments of the same income. This old-form result should not be applied to later forms or statutes without a fresh textual check (based on SCR pp.718-721; PDF pp.4-7).

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_3_715_721; every page was reviewed.

The source verifies Civil Appeals Nos. 1457-1459 of 1958, 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 disclosure ruling is tied to sections 16(3), 22 and 34 of the repealed 1922 Act and the return form used for these years. The record does not establish the same result under later forms or reassessment provisions. No comprehensive later-treatment or current-law 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.