

Commissioner of Income-tax and Excess Profits Tax, Hyderabad v. V. Jagan Mohan Rao and Others

Civil Appeals Nos. 893-898 and 1381-1386 of 1966

[1970] 1 SCR 726 | 1969-07-31

Historical reopening and capital expenditure: later judicial information and a payment perfecting title.

Indian Income-tax Act, 1922: sections 10(2)(xv), 22(2), 34, 41 and 66(2)

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

Assessment years: 1944-45, 1945-46, 1946-47

Historical statutory setting

The repealed section 34 framework and historical capital/revenue analysis do not state current reassessment law.

Fact, opinion and procedural limits

Apply the holding only within the facts, statutory text, opinion structure and procedural posture described in the primary report.

No current-law clearance

Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

01 FACTS OF THE CASE

The assessee HUF bought a spinning mill while the vendor's sons contested title. It later paid Rs.1,15,000 to settle their claim and obtained deposited mill income. After the Privy Council held the vendor had been absolute owner, the officer reopened and treated the payment as capital (SCR pp.727-731; PDF pp.2-6).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Privy Council decision was definite information under historical section 34; valid reopening reached the entire escaped income for the year. The compromise payment perfected title to the mill and removed a capital-asset defect. Reference to accumulated profits in the settlement calculation did not create a severable revenue component (SCR pp.732-735; PDF pp.7-10).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

Revenue's appeals were allowed to the stated extent, the assessee's appeals dismissed, the entire payment held capital and no costs awarded (SCR p.735; PDF p.10).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on reopening breadth and expenditure character (SCR pp.732-735; PDF pp.7-10).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate the information triggering reopening from the income reachable after valid initiation. For character, ask whether the payment acquires or perfects the enduring income-producing asset; a settlement calculation referencing profits is not itself decisive (based on SCR pp.732-735; PDF pp.7-10).

Source: [Primary judgment: review point](#)

SOURCE & VERIFICATION

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Catalogue source 1970_1_726_735: SHA-256

34c7e9c6c0c6234885649a823c0f836582204af05a262c9ab16d0bd4580bc4e1, 10 pages, read and visually inspected in full.

The published original preserves the exact catalogue bytes and verified hash.

The source verifies identity, bench, provisions, material opinion split and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

The repealed section 34 framework and historical capital/revenue analysis do not state current reassessment law.

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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