

Sirpur Paper Mill Ltd. v. Commissioner of Wealth Tax, Hyderabad

Civil Appeal Nos. 2269 and 2270 of 1966

[1971] 1 SCR 304 | 1970-04-20

Wealth-tax revision: Commissioner must exercise independent quasi-judicial judgment.

Wealth-tax Act, 1957: sections 7(2), 13 and 25 | Constitution: Article 136

3-judge bench | J. C. Shah, J. | K. S. Hegde, J. | A. N. Grover, J.

Assessment years: 1957-58, 1958-59

Wealth-tax remand; no depreciation entitlement decided

The Commissioner's order was set aside for acting under Board directions. This does not itself allow the claimed depreciation adjustment. It concerns quasi-judicial revision under the historical Wealth-tax Act and does not declare every beneficial tax circular invalid.

01 FACTS OF THE CASE

For two wealth-tax years the company sought depreciation adjustments on plant, buildings and machinery using income-tax rates. The Wealth Tax Officer relied on certified balance-sheet asset values under section 7(2), and the appellate authority upheld that treatment. Instead of an appeal to the Tribunal, the company sought section 25 revision. The Commissioner rejected those applications after repeatedly consulting the Board for directions, prompting these special-leave appeals.

Source: [SCR p. 305 / PDF p. 2](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 25 conferred quasi-judicial power requiring impartial consideration, natural justice and an independent decision. Administrative instructions under section 13 did not authorise the Board to dictate that determination. The file entries showed repeated requests for instructions, including whether the revisions could be rejected, and an absence of independent judgment. The Court exceptionally entertained the direct challenge because this important question of principle arose; it did not encourage bypassing ordinary appeal and reference procedures generally.

Source: [SCR pp. 305-307 / PDF pp. 2-4](#)

03 JUDICIAL DECISION

The Commissioner's order was set aside. The revision applications were to be heard and disposed of according to law without influence from Board instructions or directions. The company received costs in the Supreme Court, with one hearing fee. The underlying asset-value/depreciation entitlement was not finally determined.

Source: [SCR p. 307 / PDF p. 4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the company for a lawful independent reconsideration, not a final allowance of its substantive claim. The revisional authority remains responsible for deciding the merits after hearing and applying law.

Source: [SCR pp. 306-307 / PDF pp. 3-4](#)

05 AKHB REVIEW POINT

AKHB analysis: preserve communications and order-sheet entries if they show external dictation of an adjudicatory outcome. Distinguish administrative guidance from a statutory authority's duty to decide a particular dispute independently and fairly. This case does not supply automatic direct access to the Supreme Court or a universal proposition that all departmental circulars are non-binding; statutory context and later authorities require separate examination.

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Distinct from published Sirpur 1999 superannuation decision. Here the tax is wealth tax and the question is independence in revision.

STATUTORY SCOPE

Historical statutory regime and assessment facts control. No automatic Income-tax Act, 2025 crosswalk or present-law certification.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent judicial treatment and current-law applicability remain unverified; no current-law assurance or citator clearance.

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