

Commissioner of Income-tax, Madhya Pradesh v. Sir Hukumchand Mannalal & Co.

Civil Appeal No. 1774 of 1969

[1971] 1 SCR 646 | 1970-07-20

Firm registration: two coparceners representing the same HUF interest.

Indian Income-tax Act, 1922: section 26A | Indian Partnership Act, 1932: section 4

2-judge bench | J. C. Shah, J. | K. S. Hegde, J.

Assessment years: 1954-55

Partner identity and beneficial interest differ

The judgment permits individual coparceners to contract as partners despite their common HUF beneficial interest. It does not make the HUF itself a contracting partner or determine every later beneficial-income assessment.

01 FACTS OF THE CASE

The firm was formed under a deed dated 16 July 1948 as managing and selling agents of Hukumchand Mills. Hukumchand and his son were two of five partners and represented their HUF's interest. After registration for earlier years, registration for AY 1954-55 was refused on the basis that two coparceners could not represent the same HUF in partnership. The Tribunal and High Court rejected that objection.

Source: [SCR p. 647](#) / [PDF p. 2](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished the individual contractual partners from the family's beneficial interest. Members of an HUF are not disabled merely by that status from contracting with one another or strangers. A partnership satisfying section 4 is not invalid because multiple partners belong to the same HUF. For section 26A registration the officer was not required to determine the ultimate beneficial owner of a partner's share.

Source: [SCR pp. 647-649](#) / [PDF pp. 2-4](#)

03 JUDICIAL DECISION

The High Court's affirmative answer that the firm could be registered was upheld. Revenue's appeal failed and was dismissed with costs.

Source: [SCR p. 649](#) / [PDF p. 4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee firm on the challenged ground for refusing registration. This does not resolve all questions concerning allocation of beneficial income between partners and their HUF.

Source: [SCR pp. 648-649 / PDF pp. 3-4](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the persons actually bound by the partnership agreement and assess contractual validity separately from beneficial ownership. Do not equate common HUF interests with lack of contractual capacity. The procedural registration result must be confined to section 26A and the dispute decided; modern firm-assessment requirements need independent examination.

Source: [AKHB analysis based on SCR pp. 648-649 / PDF pp. 3-4](#)

SOURCE & VERIFICATION

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

Full four-page SCR report read, separating editorial headnote from judicial reasoning; no neighbouring case text used.

[Open cited source rendition](#)

Full source read; page pinpoints used because judgment paragraphs are unnumbered. Exact original bytes match the catalogue SHA-256.

STATUTORY SCOPE

This decision applies the Indian Income-tax Act, 1922 to the stated historical assessment years. Current statutory applicability and any Income-tax Act, 1961 or 2025 crosswalk are not determined.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment has not been verified; no current citator clearance is represented.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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