

Commissioner of Income-tax, Andhra Pradesh, Hyderabad v. Jayalakshmi Rice and Oil Mills Contractor Co.

Civil Appeal No. 545 of 1967

[1971] 3 SCR 365 | 1971-01-15

Firm registration: entry in the register, rather than submission of the application, determines registration under the Partnership Act.

Indian Income-tax Act, 1922: sections 26A and 66(1) | Income-tax Rules: rule 2(a) and (b) | Indian Partnership Act, 1932: sections 58, 59 and 69

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

Assessment years: 1956-57

Historical statutory scope

The decision applies historical firm-registration deadlines under section 26A of the repealed 1922 Act and its Rules. Present registration and tax consequences require examination of the applicable legislation.

01 FACTS OF THE CASE

The firm was constituted by an instrument dated 6 October 1955, effective from 5 November 1954. Its previous year ended on 26 October 1955. It applied for income-tax registration on 14 October and submitted its Partnership Act statement on 20 October, but the Registrar entered the firm on 2 November. It was common ground that rule 2(a) was not satisfied. The assessee invoked rule 2(b), contending that Partnership Act registration related back to the statement filing date. The High Court accepted the contention.

Source: [SCR pp. 366-367](#) / [PDF pp. 2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

Sections 58 and 59 must be read together and with the statutory scheme, including section 69. Delivery of the prescribed statement initiates registration; registration occurs when the Registrar makes the necessary entry under section 59. The Court approved decisions treating the entry as the operative event and rejected the claimed relation back. It also declined to use the Special Committee report relied on by the High Court to displace that reading of the provisions.

Source: [SCR pp. 367-369](#) / [PDF pp. 3-5](#)

03 JUDICIAL DECISION

The Revenue appeal was allowed and the High Court judgment set aside. The referred question whether the section 26A application was out of time was answered affirmatively and against the assessee. Revenue received costs in the Supreme Court.

Source: [SCR p. 369 / PDF p. 5](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded on the historical registration-deadline dispute. Filing the Partnership Act statement before the previous year ended did not establish completed registration within that period.

Source: [SCR pp. 368-369 / PDF pp. 4-5](#)

05 AKHB REVIEW POINT

AKHB analysis: keep separate records for execution of the deed, submission to the Registrar, entry in the register and the tax application. Where a tax rule depends on registered status by a deadline, an application receipt may not prove that status. Check the exact statutory version and any express relation-back or extension provision before applying this historical ruling.

Source: [AKHB analysis based on SCR pp. 367-369 / PDF pp. 3-5](#)

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STATUTORY SCOPE

The decision applies historical firm-registration deadlines under section 26A of the repealed 1922 Act and its Rules. Present registration and tax consequences require examination of the applicable legislation.

LATER TREATMENT

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