

# **Punjab Produce and Trading Co. Ltd. v. Commissioner of Income-tax, West Bengal, Calcutta**

Civil Appeal No. 1344 of 1967

[1971] Supp. SCR 977 | 1971-07-29

## **Historical public-interest company test and limitation for additional super-tax under section 23A**

Income-tax Act, 1922: sections 23A(9), Explanation (b)(iii), 34(1) and 34(3)

Two-judge bench; judgment delivered by A. N. Grover, J. | K. S. Hegde, J. | A. N. Grover, J.

Assessment years: 1955-56

### **Historical company test**

The six-person voting-control test and additional super-tax mechanism are not presented as current law.

### **01 FACTS OF THE CASE**

The company had seventeen shareholders, but fewer than six held shares carrying more than half the voting power. It declared no dividend for assessment year 1955-56. The officer imposed additional super-tax under section 23A, and the appellate authorities and High Court rejected the company's public-interest and limitation objections (SCR pp.977-981; PDF pp.1-5).

Source: [Primary judgment: facts and statutory test](#)

### **02 DISCUSSION BY THE HON'BLE COURT**

The negative conditions in Explanation (b)(iii) required both that affairs were not controlled by fewer than six persons and that the majority voting shares were not held by fewer than six. Satisfying only one branch was insufficient. A section 23A additional super-tax direction was not an assessment order attracting section 34(3)'s limitation period (SCR pp.981-983; PDF pp.5-7).

Source: [Primary judgment: construction and limitation](#)

### **03 JUDICIAL DECISION**

Both questions were resolved against the company, and its appeal was dismissed with costs.

Source: [Primary judgment: decision](#)

#### **04 OUTCOME / IN WHOSE FAVOUR**

In favour of Revenue under the historical section 23A regime.

Source: [Primary judgment: outcome](#)

#### **05 AKHB REVIEW POINT**

AKHB analysis: when a definition uses multiple negative control conditions, test each branch and the connective wording rather than relying on one favourable fact. Use this as a historical interpretation example only; verify the governing modern company and tax provisions independently.

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

#### **SOURCE & VERIFICATION**

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

Complete seven-page SCR report read in page-preserving text and every page image inspected.

[Open cited source rendition](#)

Exact catalogue hash and seven-page count verified; every page was read and inspected.

The report verifies the shareholding facts, assessment year and dismissal with costs.

#### **STATUTORY SCOPE**

The ruling concerns repealed company-distribution and super-tax provisions under the 1922 Act.

#### **LATER TREATMENT**

Source checked 2026-10-12. No current-law analogy or comprehensive later-treatment review 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, historical statutory framework and later treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding.