

Commissioner of Income Tax, Madhya Pradesh, Nagpur v. Hukamchand Mohanlal

Civil Appeal No. 2421 of 1968

[1972] 1 SCR 786 | 1971-09-17

Could the widow who succeeded to her husband's business be taxed under the historical section 41(1) on a sales-tax refund when the earlier deduction had been allowed to the husband?

41(1) | 2(7) | 159(1)

Two judges | K.S. Hegde, J. | A.N. Grover, J.

Assessment years: 1962-63

Historical same-assessee rule materially limited by later successor legislation

For AY 1962-63 the widow was not the same assessee who obtained the earlier deduction, so the then section 41(1) did not charge the refund. The Court left alternative personal-income taxability open. Finance Act 1992 later introduced express successor-in-business coverage with effect from 1 April 1993; this decision is not a continuing blanket successor exemption. The source has an impossible remission date and conflicting precedent citation. Original PDF unchanged; comprehensive later treatment, current law and 2025 mapping are not verified.

01 FACTS OF THE CASE

The assessee carried on business as sole selling agent of M/s. Mohanlal Hargovindas, Jabalpur, having succeeded to it when her husband died on or about 17 February 1960. The firm had recovered sales tax from the husband for 26 January 1950 to 31 March 1951. After obtaining sales-tax appellate relief, the firm refunded Rs. 24,341 by a draft dated 31 October 1961, received by the widow on 9 November 1961. The reported date of the sales-tax remission order is 31 November 1960, an impossible calendar date which is preserved as a source error rather than repaired (physical pages 1-2/SCR 786 G-787 B).

For AY 1962-63, accounting year ending 31 March 1962, the Income-tax Officer brought the refund to tax under section 41(1). The Appellate Assistant Commissioner upheld that treatment. The Tribunal accepted the widow's argument that the earlier deduction had been obtained by another assessee, her husband, and therefore section 41(1) did not charge the receipt in her hands. On the Commissioner's application, the precise question referred was whether Rs. 24,341 was liable to tax under section 41(1). The High Court answered for the assessee, and the Revenue appealed by certificate (physical pages 1-2/SCR 786 E-787 D).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The then section 41(1) deemed a later recovery or remission to be business profits where the assessee who had received the earlier allowance or deduction subsequently obtained the relevant amount or benefit. The Court explained the historical provision as displacing the ordinary treatment of a later remission, but only within the statutory terms. The same assessee requirement mattered: if the husband had lived and received the benefit, the provision could apply, whereas his widow was a different assessee (physical pages 2-3/SCR 787 E-788 A).

The general definition of assessee in section 2(7) did not itself impose this charge on the widow. At that time, the Act had no specific provision making a successor in business or legal representative liable under section 41(1) for a benefit corresponding to an allowance granted to the predecessor. The Court's statement describes the legislation applicable to this case; it cannot be presented as unchanged law after the later express successor provision (physical page 3/SCR 788 B-D).

The Court considered section 159(1), under which a legal representative pays sums that the deceased would have been liable to pay had he not died, and discussed the corresponding section 24B of the 1922 Act through *Amarchand N. Shroff and James Anderson*. Those authorities limited the statutory extension of the deceased's personality to the relevant accounting year, rather than attributing every later receipt to him. The Revenue did not, and in the Court's view could not, rely on section 159 here; it relied on no charging section other than section 41(1). This discussion does not create a blanket exemption for all estate or successor receipts under every provision (physical pages 3-4/SCR 788 D-789 A).

Section 41(1) could not apply because the person now sought to be taxed was not the assessee contemplated by that historical provision. The Court expressly agreed that a different question, whether Rs. 24,341 could be taxed as the widow's personal income, did not arise within this reference. It did not adjudicate or reject every possible alternative charge (physical page 4/SCR 789 A-B).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The Supreme Court agreed with the High Court's answer that the Rs. 24,341 was not assessable in this assessee's hands under the then section 41(1). The Revenue appeal was dismissed with costs. There was no remand. Taxability as the widow's personal income on some other basis remained outside the reference (physical page 4/SCR 789 A-C).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Revenue appeal dismissed with costs; High Court's section 41(1) answer affirmed

Substantive construction of the historical section 41(1) same-assessee requirement

Only section 41(1) liability in AY 1962-63 was decided. Alternative personal-income charge and later successor amendments were not before the Court.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Trace the earlier deduction to the actual assessed person, identify the recipient of the later refund or remission, and match both events to the applicable statutory version. The result here rested on a gap in the then section 41(1), not on a general proposition that a business successor's refund is tax-free. The actual receipt date, rather than the inconsistent printed sales-tax order date, places the receipt in the accounting period described by the Court.

Saraswati Industrial Syndicate (4 September 1990) expressly relied on Hukamchand's same-assessee reasoning in its historical amalgamation setting (physical pages 5-6/SCR 336 D-337 A). Mahagun Realtors (5 April 2022), paragraph 19, later noticed Hukamchand while discussing section 159 and the older section 24B authorities. That limited citation is not a fresh adjudication of the widow's refund or a certificate that the original successor gap persisted (physical pages 10-11/SCR 511 G-512 E).

The decisive legislative limit is material: the retained government-hosted 2011 compilation records that Finance Act, 1992 substituted section 41(1) with effect from 1 April 1993. The substituted clause (b) expressly addresses the successor in business, and the accompanying definition includes succession by another person as well as amalgamation and specified other forms of succession. The exact charge still requires the relevant version and facts, but the absence-of-successor-provision premise in this 1971 decision must not be used mechanically for later years (physical pages 305-306/printed 1.264-1.265, footnote 62 and successor definition). This is a bounded historical amendment check, not comprehensive current-law, later-treatment or 2025 verification.

Source: See the proposition-specific paragraph and PDF-page references below.

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 2421 of 1968

Outcome: Dismissed with costs

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**1.****Topic:** Identity, actual year, succession, refund and proceedings**Source url:** [Open cited source](#)**Pdf pages:** 1; 2**Paragraphs:** SCR 786 E-787 D**2.****Topic:** Historical section 41 text and same-assessee requirement**Source url:** [Open cited source](#)**Pdf pages:** 2; 3**Paragraphs:** SCR 787 E-788 D**3.****Topic:** Section 159 context and expressly limited reference**Source url:** [Open cited source](#)**Pdf pages:** 3; 4**Paragraphs:** SCR 788 D-789 B**4.****Topic:** Affirmance and dismissal with costs**Source url:** [Open cited source](#)**Pdf pages:** 4**Paragraphs:** SCR 789 B-C**5.****Topic:** Direct later reliance on Hukamchand**Source url:** [Open cited source](#)**Pdf pages:** 5; 6**Paragraphs:** SCR 336 D-337 A**Source role:** later treatment**6.****Topic:** Later historical section 159 discussion only**Source url:** [Open cited source](#)**Pdf pages:** 10; 11**Paragraphs:** Paragraph 19, SCR 511 G-512 E**Source role:** later treatment**7.****Topic:** Finance Act 1992 successor amendment**Source url:** [Open cited source](#)**Pdf pages:** 305; 306

Paragraphs: Printed 1.264-1.265, section 41(1)(b), successor definition and footnote 62

Source role: historical statutory change

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Section 159 discussed but not relied on by the Revenue as a taxing basis in this case

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A.N. Grover, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961, section 41(1) in its pre-Finance Act 1992 form

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Asset id: S 1990 1 332 339

Classification: Express reliance on historical same-assessee rule

Pinpoint: Physical pages 5-6/SCR 336 D-337 A

Holding limit: Historical section 41(1) amalgamation case; precedes the express Finance Act 1992 successor substitution.

2.

Asset id: 2022_4_502_535

Classification: Noticed in historical section 159 discussion

Pinpoint: Paragraph 19, physical pages 10-11/SCR 511 G-512 E

Holding limit: Does not freshly decide the widow refund or undo successor-in-business legislation; the distinct corporate-assessment ruling is not imported.

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Indian Income-tax Act, 1922, section 24B through Amarchand N. Shroff and James Anderson; Underlying sales-tax proceedings; specific sales-tax enactment not identified in this judgment

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 4 PDF pages; SHA-256
bf850e35b4bbdbd874380b7b4b41c3fc200eeb26191c25d3bf484ca4167abc3a. Original bytes preserved.

[Open cited source rendition](#)

full primary text read: True; all primary page images reviewed: True; source integrity verified: True;
actual statutory scope verified: True; later treatment comprehensive: not_verified; current law status:
not_verified; statutory mapping 2025: not_verified

Decision date is 17 September 1971; 1972 is the report year. Original caption preserved although the judicial facts identify the assessee as the deceased businessman's widow.

The source caption is Hukamchand Mohanlal, while the judicial facts concern a widow who succeeded to Kanhaiyalal's business. The caption and described capacities are both preserved.; The sales-tax remission order is printed as 31 November 1960, an impossible date. It is not silently replaced with another date.; The draft date, 31 October 1961, and receipt date, 9 November 1961, are distinct; the receipt belongs to the accounting year ended 31 March 1962.; The headnote cites Amarchand N. Shroff as 40 ITR 59, while the judicial footnote at SCR 788 prints 48 ITR 59. No independently authenticated resolution is claimed.; The section 159 discussion is contextual; the Revenue's relied-on charge and the referred question were confined to section 41(1).; Whether the receipt was the widow's personal income on another basis was expressly outside the reference.; The original no-successor-provision premise was materially changed by the Finance Act 1992 substitution effective 1 April 1993.

Accounting year ended 31 March 1962. Refund draft dated 31 October 1961 was received on 9 November 1961. Original sales-tax collection related to 26 January 1950-31 March 1951; that period is not the assessment year in this appeal.

Certificate appeal from the Madhya Pradesh High Court judgment of 31 January 1967 in Miscellaneous Civil Case No. 88 of 1966.

STATUTORY SCOPE

No automatic Income-tax Act, 2025 crosswalk. Complete amendments, commencement, savings and case-specific present applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-05. not_verified. Saraswati Industrial Syndicate directly follows the historical same-assessee reasoning; Mahagun Realtors paragraph 19 notices the section 159/section 24B discussion only. The Finance Act 1992 successor amendment is verified through the retained government-hosted 2011 compilation, not a separately authenticated Gazette. No complete citator or present-law certification.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 4](#)

SHA-256: bf850e35b4bbdbd874380b7b4b41c3fc200eeb26191c25d3bf484ca4167abc3a

[later reported judgment bounded - PDF pages: 8](#)

SHA-256: bcc6f7aec611da966995543696ec3e3a69c243b016dc1939d53594ada907db2e

[later reported judgment bounded - PDF pages: 34](#)

SHA-256: c90418a136c658a6d0439f5aa8cd75301eeacef96989e8a24827406c23994495

[official government hosted statutory compilation bounded - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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