

Commissioner of Income Tax, Assam, Tripura, Manipur & Nagaland v. M/s. Rameshwari Lal Sanwarmal

Civil Appeal Nos. 1956 and 1957 of 1969 — Certificate appeals dismissed as not maintainable; final paragraph misprints the year as 1959 and connected proceedings (full list below)

[1972] 1 SCR 854 | 1971-09-22

Cancellation of an individual's assessment did not extend time to assess his HUF; the dividend reference answer favoured Revenue, subject to remaining questions on remand and the later 1979 explanation of its scope.

1922 Act: 2(6A)(e) | 1922 Act: 27 | 1922 Act: 34(3), second proviso | 1922 Act: 66(1)

2 Judges | K. S. Hegde | A. N. Grover

01 FACTS OF THE CASE

Sanwarmal Saharia received an individual notice for AY 1955-56 but filed a return as karta of his HUF. The officer nevertheless assessed him ex parte as an individual. That assessment was cancelled under section 27. On 6 February 1961 the officer assessed the HUF for the first time, outside the ordinary four-year period. Separately, Shyam Sunder Tea Co. (P) Ltd. had advanced loans to the HUF for AYs 1955-56 and 1956-57; shares stood in Saharia's name. Six questions were referred. The High Court decided the limitation and dividend questions for the assessee and left the other four unanswered.

Source: [SCR 855-857: appeal routes, six reference questions and assessment chronology.](#)

02 DISCUSSION BY THE HON'BLE COURT

Hegde J held that the individual and HUF were distinct taxable units. The cancelled individual assessment was never an assessment of the HUF. Calling the later HUF order a fresh assessment could not make it a reassessment under section 27, so the second proviso to section 34(3) did not save it. On the dividend issue, the Court proceeded on the Tribunal's finding that Saharia held shares as karta; the High Court had not resolved the challenge to that finding. Applying Kishanchand Lunidasing Bajaj's beneficial-ownership reasoning, it rejected the proposition that registration in the karta's name alone prevented assessment of dividend income in the HUF's hands. This part must be read with the later 1979 same-party judgment's distinction between an amount qualifying as deemed dividend and the person assessable on it.

Source: [SCR 858D-859H: distinct taxable units and beneficial-owner reasoning.](#)

03 JUDICIAL DECISION

The AY 1955-56 appeal failed because limitation independently prevented taxation. For AY 1956-57 the Court substituted an answer favouring Revenue to the second question and remitted the case for the unanswered questions. It did not determine those questions concerning ownership and accumulated-profit deductions. The defective certificate appeals were also dismissed.

Source: [SCR 857A-B and 859H-860C: limited substitution and remand.](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal 1426/1971 dismissed; appeal 1427/1971 allowed to the stated extent and remitted; certificate appeals dismissed. AY 1955-56 remained time barred; AY 1956-57 returned to the High Court for remaining reference questions. No order as to costs. Split limitation/dividend disposition; remand issues remained open.

Source: [SCR 860A-C: each appeal and costs.](#)

05 AKHB REVIEW POINT

Identify the taxpayer and the precise issue actually decided. The 1979 same-party decision expressly confined the earlier dividend ruling to assessability once dividend character exists. Neither its broad reference answer nor the shared party name establishes that every HUF loan met the old definition, still less the materially amended modern provisions.

Source: [SCR 858-860: taxpayer distinction and incomplete reference disposal; separate later-use evidence identified below.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal Nos. 1956 and 1957 of 1969 — Certificate appeals dismissed as not maintainable; final paragraph misprints the year as 1959 / Civil Appeal No. 1426 of 1971 — Revenue special-leave appeal for AY 1955-56, dismissed / Civil Appeal No. 1427 of 1971 — Revenue special-leave appeal for AY 1956-57, allowed to stated extent and remitted / Income-tax Reference No. 2 of 1964 — Originating High Court proceedings; not additional Supreme Court appeals

SOURCE & VERIFICATIONOriginal reported Supreme Court judgment

7-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All seven physical text/image pages SCR854-860. Headnote endsphysical2; Hegde opinion beginsphysical2 and endsphysical7. Title Rameshwari Lal Sanwarmal dated22September1971; certificate appeals1956/1957of1969 dismissed, finalpage misprints1959; special-leave1426/1427of1971 are clear. Individual/HUF distinct units;1955-56 time barred;1956-57 remitted on remaining reference questions. No adjacent case.

Open cited source rendition

SCR 860 prints certificate appeal year 1959; SCR 855 caption and opinion both print 1969. The primary caption spells Rameshwari; the distinct 1979 caption spells Rameshwar.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 2(6A)(e), 27, 34(3), second proviso, 66(1)

The displayed 2025 version of section 2(22)(e) includes beneficial-owner, voting-power and concern language, a money-lending exception and an HUF-inclusive concern definition. It materially differs from 1922 section 2(6A)(e); the historical result cannot determine liability under the amended law.

The bounded section 2(40)(e) comparison retains those shareholder and concern connections and the accumulated-profit limit, with its own exceptions and definitions. No current registered/beneficial-owner dispute or loan taxability is resolved. No modern counterpart to the particular 1922 limitation exception is certified.

The operative historical law governs this holding. The 2025 Act generally commences on 1 April 2026; the selected section 536 savings preserve earlier operations, rights and specified proceedings for earlier tax years. Only stated passages and versions were read. No complete savings, amendment-history or present-case applicability assessment is claimed.

LATER TREATMENT

Source checked 2026-10-08. Rameshwar Lal Sanwarmal v. CIT, 5 December 1979, [1980] 2 SCR 369, physical pages 6-9 / SCR 374-377, expressly confines the earlier answer to who is assessable on an amount that qualifies as deemed dividend. Whether these loans met the definition had not been argued or decided in the earlier Supreme Court appeal. The later Court separated these issues without overruling the proposition actually decided. Physical pages 10-11 / SCR 378-379 apply the old registered-shareholder rule and answer the threshold issue for the assessee; other remand questions were unnecessary. The 1979 source cites the earlier case as 82 ITR 628; that parallel citation is not printed in this 1971 SCR original. The link is established by the matching parties, Saharia and Shyam Sunder Tea facts, reference 2/1964, assessment years, exact reference-question amounts and limitation/remand history.

Comprehensive subsequent history and present-law applicability remain unverified.

All eleven physical text and image pages of the distinct 1979 judgment were read, including the opinion from SCR 371E to 379B. Direct explanation of the earlier decision's scope is verified; comprehensive amended-law and later-history clearance is not claimed.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 2025: commencement and selected savings](#)

As amended by Finance Act, 2026 1(1)-(3), web0-13; 536(1), (2) intro/(a)-(e), 24385-24408 and (3)-(4), 24597-24601; not whole 536. Exact stated retained text read personally. No raw statutory PDF/HTML or page-image reading, whole-Act review or automatic present-case applicability is asserted.

[Rameshwar Lal Sanwarmal v. Commissioner of Income-tax, Assam, 5 December 1979](#)

All 11 physical text and image pages. Bhagwati J's opinion starts at physical page 3 / SCR 371E and ends at physical page 11 / SCR 379B. The explanation of the earlier issue is at physical pages 6-9, and application at 10-11. Degraded printing on SCR 373, 376 and 377 was checked against images and overlapping reasoning. Existing primary ownership retained. Exact retained source bytes checked before/after; only listed texts/images personally read. No fresh endpoint authentication or comprehensive later history. Text pages read: 1-11. Image pages read: 1-11.

[Income-tax Act, 1961: bounded dividend definition](#)

Displayed 2025 2(22) web304-344; adopted (e), exclusion (ii), Explanation 3(a)-(b). Exact stated retained text read personally. No raw statutory PDF/HTML or page-image reading, whole-Act review or automatic present-case applicability is asserted.

Income-tax Act, 2025: bounded dividend definition

As amended by Finance Act, 2026 2(40)web403-429, 431-477; adopted (e)(i)-(iii), exclusion (ii), (C)-(D); new finance-comp any definitions after (E) not fully read. Exact stated retained text read personally. No raw statutory PDF/HTML or page-image reading, whole-Act review or automatic present-case applicability is asserted.

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