

K. V. A. L. M. Ramanathan Chettiar by L.Rs. v. Commissioner of Income-Tax, Madras

Civil Appeals Nos. 1840 and 1842 of 1972 — Supreme Court appeal or expressly printed appeal group decided in this judgment and connected proceedings (full list below)

[1973] 2 SCR 650 | 1972-10-11

The majority held that section 49-D relief cannot be restricted by requiring foreign and Indian income to fall under the same head; foreign income taxed abroad and included in Indian total income attracts the statutory relief.

1922 Act: 49-D | 1922 Act: 3 | 1922 Act: 2(15) | 1922 Act: 4(1)(b)(ii) | 1922 Act: 6 | 1922 Act: 66(1)

4 Judges (3:1) | K. S. Hegde | P. Jaganmohan Reddy | H. R. Khanna | I. D. Dua

01 FACTS OF THE CASE

The dispute concerned unilateral double-tax relief under section 49-D of the Indian Income-tax Act, 1922 for 1953-54 to 1955-56. The resident assessee carried on money-lending in Malaya and India and owned foreign rubber gardens. For 1953-54, the majority records foreign income of ₹2,22,532, Indian business loss of ₹68,858 and other Indian income of ₹39,142. The Income-tax Officer allowed relief on ₹1,92,816. The Commissioner restricted it to ₹1,53,674 by setting the Indian business loss against Malayan business profits. The Tribunal and Madras High Court sustained that approach. In the other two years the Appellate Assistant Commissioner had partly accepted aggregation of Indian sources before the Tribunal's adverse order.

Source: [SCR662C-663H: reference questions, assessment years, figures and procedural stages.](#)

02 DISCUSSION BY THE HON'BLE COURT

Jaganmohan Reddy J, with Dua and Khanna JJ, treated the amended section's wording and legislative purpose as decisive. Relief operated where a resident had paid foreign income-tax on foreign-accruing income that bore Indian tax through inclusion in total income, at the lower statutory rate. The 1953 recasting was more than deletion of the earlier half-rate restriction. Income was computed under separate heads, but the Indian charge was on one aggregate total income; section 49-D imposed no same-head condition. The majority distinguished English authorities on differently worded legislation and disapproved Arunachalam Chettiar's approach. Hegde J dissented: only an identified amount actually taxed in both countries qualified, and the Indian business loss could not itself be treated as taxed income.

Source: [SCR654-662B: dissent](#); [SCR664-676C: statutory history, foreign authorities and majority reasoning.](#)

03 JUDICIAL DECISION

By a 3:1 majority, the Court discharged the High Court's answers on the live computation questions and answered them in the negative, for the assessee. The refund-revision jurisdiction question had not been pressed in the High Court; the separate-refund-order question was not pressed in the Supreme Court. Neither supplies an additional jurisdictional holding.

Source: [SCR662G-663A: unpressed questions](#); [SCR676C-D: live answers discharged and reversed.](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeals allowed with costs in the Supreme Court and High Court. Hegde J's proposed dismissal is the dissent, not the operative result. The majority rejected the Commissioner's same-head restriction; live computation questions were resolved for the assessee, without deciding the abandoned refund issues.

Source: [SCR676D-E: intervention and appeals allowed with costs in both courts.](#)

05 AKHB REVIEW POINT

Separate foreign income, Indian total-income computation and the relief rate. Later Carew distinguishes treaty source/category wording from this unilateral-relief ruling (SCR 640-644). The compared 1961 section 91(1) and 2025 section 160(1) retain bounded resident foreign-income relief conditions; neither was decided here. The printed ₹68,658/₹68,858 discrepancy remains disclosed. Treaty terms, procedural rules and comprehensive subsequent history require separate checking.

Source: [SCR650,654,663: numerical discrepancy](#); [SCR674-676: bounded majority principle.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeals Nos. 1840 and 1842 of 1972 — Supreme Court appeal or expressly printed appeal group decided in this judgment / Tax Case No. 202 of 1962; Reference No. 5 of 1964 — Originating High Court appeal/reference docket; not an additional Supreme Court appeal

SOURCE & VERIFICATION

Original reported Supreme Court judgment

27-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 physical pages 1-27/SCR 650-676: entire caption/headnote, dissent of Hegde J at 653-662, majority of Jaganmohan Reddy J for himself, Dua and Khanna JJ at 662-676, all statutes and precedents, and operative allowance with costs. Every page text and image personally read.

Open cited source rendition

The headnote at SCR 650 and calculation at SCR 654 print ₹68,658; SCR 654 also states ₹68,858, and the majority at SCR 663 repeatedly uses ₹68,858. The latter produces the reported totals; discrepancy retained rather than silently repaired.

SCR 665 comparison-column heading says Amendment Act 1952 although surrounding judicial text identifies 1953 amendment effective 1 April 1952.

SCR 672 narrative prints ₹633, 609 while quoted passage prints ₹33, 609; not relied on for this case's numerical disposition.

Frozen metadata INSC identifier is an index label; printed report citation used. Two printed SC appeal numbers and three described references are retained as printed, without inventing appeal 1841.

Modern statutory evidence is limited to the exact versions and scopes in sources; retained capture hashes are not original website/PDF hashes unless expressly labelled. No present-tax-year or full savings determination.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 49-D, 3, 2(15), 4(1)(b)(ii), 6, 66(1)

Section 91(1), displayed 2025, sets resident foreign-income unilateral relief at the lower rate (Indian rate if equal), subject to foreign accrual/payment and absence of a section 90 agreement. Whole 91, including (2),(3) and rate definitions, was read; no automatic application of the 1972 result.

Section 160(1), displayed 2026, contains the comparable resident relief mechanism; 160(2) addresses the firm branch and 160(3) defines rates. The displayed 91(2) Pakistan agricultural branch is absent from full 160. This is a bounded textual comparison, not treaty/rule/savings review.

Legacy 1922 Act holding; comparison versions and personally read scopes are explicit. No automatic precedent carryover or exhaustive present-law/repeal/savings determination.

Other provisions addressed: 1922 Act sections 48, 49-A and 24 discussed; refund questions not decided; United Kingdom Finance Act, 1920, section 27 distinguished

LATER TREATMENT

Source checked 2026-10-07. Carew & Co. (13 September 1979), [1980] 1 SCR 633 at 640D-642G, quotes and explains Ramanathan but distinguishes Agreement Articles IV/VI, which require source/category treatment. Pathak J separately concurs at 642H-644 and distinguishes avoidance from relief. Revenue appeal dismissed with costs; no overruling of Ramanathan.

Comprehensive subsequent history and present-law applicability are not certified.

One specific later Supreme Court use personally verified through full retained original text and all images; comprehensive subsequent history remains unverified.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961: section 91](#)

Official departmental rendition displayed 2025 Identity/version lines38-58; complete operative section 91(1)-(3) and Explanation(i)-(iv), lines63-80. Fresh personal bounded read of exact retained official tool-text capture. No inherited actor read, original HTML/PDF-byte or image claim; no full present-law, tax-year or repeal/savings determination.

[Income-tax Act, 2025: section 160](#)

Official departmental rendition displayed 2026 Identity/version lines38-58; complete operative section 160(1)-(3), lines61-74. Fresh personal bounded read of exact retained official tool-text capture. No inherited actor read, original HTML/PDF-byte or image claim; no full present-law, tax-year or repeal/savings determination.

[C. I. T., West Bengal III, Calcutta v. Carew & Co. Ltd. — \[1980\] 1 SCR 633](#)

All12 physical pages/SCR 633-644, both Untwalia and Pathak judgments, headnote, facts, full reproduced provisions and final costs. Fresh complete personal read of retained original PDF text and every page image, before/after PDF and derivative hashes verified. No exhaustive subsequent-history certification. Frozen source-index acquisition URL; present endpoint availability not rechecked. Text pages read: 1-12. Image pages read: 1-12.

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