

Shere Punjab Silk Stores, Delhi v. Commissioner of Income-tax, Delhi

Civil Appeal No. 1690 of 1969 — Supreme Court appeal or expressly printed appeal group decided in this judgment and connected proceedings (full list below)

[1973] 3 SCR 76 | 1972-12-11

For renewal under 1922 section 26A and its prescribed rules/forms, the previous year's profits had to be divided before the renewal application, not merely before assessment.

1922 Act: 26A

2 Judges | K. S. Hegde | P. Jaganmohan Reddy

01 FACTS OF THE CASE

For assessment year 1958-59, Shere Punjab Silk Stores sought renewal of its firm registration under section 26A of the Indian Income-tax Act, 1922. The previous year ended on 31 March 1958; the renewal application was made on 26 May 1958. It certified that the previous year's income had been divided among the partners. The Income Tax Officer rejected that factual assertion, and the AAC and Tribunal agreed. The firm alternatively relied on division shown by a balance sheet before assessment, but the Tribunal did not examine that contention. The Delhi High Court upheld refusal of renewal.

Source: [SCR 76G-77C](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court treated the decisive question as the timing required by the statutory scheme. Section 26A left the application's particulars, form and verification to the rules. The Court read rules 2, 3 and 6 with the prescribed forms, reproducing both the original-registration form and the renewal form. The renewal certification concerned division or credit of the previous year's profits. Read together, those provisions required the firm to have divided those profits when it applied for renewal. The Court rejected hardship as a reason to depart from the provisions' plain meaning. It approved supporting Madras and Allahabad decisions and relied on Khanjan Lal Sewak Ram, which treated paragraph 3 of rule 6 as mandatory.

Source: [SCR 77C-82A; rules and forms quoted 77-81](#)

03 JUDICIAL DECISION

The Court held that the profits had to be divided before the renewal application. On the sustained finding that this had not occurred, the alternative assertion of division before assessment did not establish entitlement to renewal. The appeal therefore failed; the Court did not reopen the factual finding or remand for the balance-sheet contention to be investigated.

Source: [SCR 81G-82A](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeal dismissed with costs. Refusal to renew registration for 1958-59 remained effective.

Source: [SCR 82A and disposal](#)

05 AKHB REVIEW POINT

In a legacy registration dispute, check the exact form and distinguish initial registration from renewal. A certification of completed apportionment has a different timing implication from an undertaking of future division. This holding concerns the 1922 rules and forms reproduced in the judgment; it does not establish a present-day profit-distribution prerequisite for every firm assessment.

Source: [SCR 77C-81H; editorial comparison confined to reproduced forms; HTML 38-71, all 184\(1\)-\(5\) and subsection 2Explanation.; FA 2026 title/section 1\(3\) physical 1; all 325\(1\)-\(6\) physical 417, web 17023-17050.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 1690 of 1969 — Supreme Court appeal or expressly printed appeal group decided in this judgment / Income-tax Reference No. 44 of 1964 — Originating High Court appeal/reference docket; not an additional Supreme Court appeal

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.

Open cited source rendition

OCR gives the opening reporter page as 16; the original image clearly prints 76. The quoted forms contain intentional ellipses; the note does not reconstruct omitted form text.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 26A

Section 184 in the displayed 2026 text provides assessment as a firm through an instrument specifying partner shares, certified copies, continuity/change provisions and specified default consequences. This is a different regime from 1922 registration renewal.

Section 325(1)-(6), FA 2026 compilation, corresponds textually to 184's firm-assessment framework, using tax-year terminology and relocating certification to 325(3). It does not carry forward Shere Punjab's old-form profit-division prerequisite.

qualified; operative legacy holding and bounded comparison are separately identified

LATER TREATMENT

Source checked 2026-10-07. No later judicial-use passage is adopted for this note. That is a limit of this review, not a statement that later treatment does not exist.

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

IDENTIFIED SOURCE LINKS[Income-tax Act,1961: section 184](#)

Displayed 2026 edition HTML 38-71, all 184(1)-(5) and subsection 2Explanation. Personally read bounded official text; comparison only. No automatic precedent carryover or broader currentness certification. Original web-source bytes/images not retained or inspected.

[Income-tax Act,2025: section 325](#)

2025 Act as amended byFinance Act 2026; checked 7 October 2026 FA 2026 title/section 1(3) physical 1; all 325(1)-(6) physical 417, web 17023-17050. Personally read bounded official text; comparison only. No automatic precedent carryover or broader currentness certification. Original web-source bytes/images not retained or inspected.

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