

K. L. VARADARAJAN v. THE COMMISSIONER OF INCOME-TAX, MADRAS

Present Supreme Court proceedings: Civil Appeals Nos. 1275 to 1277 of 1970; Originating High Court proceedings: T.C. No. 41 of 1966

[1975] 2 SCR 597 | 1974-11-05

A late declaration validly admitted under the second proviso to section 17(1) governed all assessments made thereafter, including section 34 reassessments for earlier years. "Thereafter" addressed when the assessment was made, not only the year to which it related.

2(8)

2-judge bench | H. R. Khanna, J. | A. C. Gupta, J.

01 FACTS OF THE CASE

While studying abroad, the taxpayer received dividends and deposit interest. Assessments for 1955-56 to 1957-58 initially treated him as resident and ordinarily resident and applied ordinary rates. During the 1958-59 proceedings, he filed a declaration on 24 March 1959 seeking rates appropriate to his total world income.

The officer treated him as non-resident, rejected the declaration and reopened the earlier years under section 34, applying maximum rates. On appeal for 1958-59, the appellate authority accepted sufficient cause for the late declaration and found that the omission had not reduced liability. It and the Tribunal applied the accepted declaration to the later-made reassessments; the Madras High Court disagreed.

Source: [SCR 598E-600C](#)

02 DISCUSSION BY THE HON'BLE COURT

The second proviso made an admitted late declaration effective for the uncompleted assessment of its own year and all assessments thereafter. The Supreme Court read that language naturally: it covered assessments subsequently made for earlier years as well as those for subsequent years. Replacing it with a restriction to subsequent assessment years would alter the enacted words.

In this context, assessment included reassessment under section 34. The Court noted the express definition in section 2(8) of the 1961 Act while recognising that the 1922 Act lacked that definition. Its interpretation nevertheless rested on the 1922 provision's scheme, language and established contextual uses of assessment.

The contrary reading would strip an already-filed declaration of effect merely because an assessment was reopened. It would also favour an originally unassessed person over one whose income had been assessed at too low a rate. The express exclusion of reassessments from the then section 33B revisional power, and section 67's protection against civil suits, reinforced the contextual reading.

Source: [SCR 600E-604A](#)

03 JUDICIAL DECISION

The taxpayer's three appeals were allowed. The High Court judgment and answer were set aside, and the referred question was answered affirmatively: the declaration operated in the reassessments.

Source: [SCR 604A-B](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeals allowed. Result: Assessee. Costs: Assessee awarded costs in both Courts; one hearing fee. Scope: Declaration applicable to the three reopened years. Limit: The declaration had already been validly admitted late; unrestricted late filing was not authorised.

Source: [SCR 604A-B](#)

05 AKHB REVIEW POINT

Build a chronology distinguishing the declaration date, its valid admission, the assessment year and the date of the assessment order. The decision supports a contextual reading of assessment; it does not make every election available on reopening or override a different statutory deadline.

Source: [SCR 600E-602F](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

8-page retained public-mirror SCR report. The complete report was read as text and page images. Fresh remote authentication as a signed original is not claimed.

Open cited source rendition

The printed caption is K. L. VARADARAJAN, dated 5 November 1974, although the report year is 1975. On physical 3, extracted text reads section 11(1); the image prints 17(1). The 1961 Act reference is the Court's comparative definition, not the statute governing these assessments.

STATUTORY SCOPE

Indian Income-tax Act, 1922: 17(1), second proviso, 23(3), 34, 33B, 67, 66(1); Income-tax Act, 1961 section 2(8) is comparative only, not the governing declaration provision.

The checked 2011 section 2(8) expressly includes reassessment in assessment, consistent with the comparison drawn in the judgment. It does not recreate the 1922 section 17(1) election.

The checked FA 2026 section 2(13) includes reassessment and recomputation in assessment. The applicability and timing of any modern election still depend on that election's own text and the governing transition rules.

The checked section 536 preserves previous operation, accrued rights and liabilities, and specified earlier-tax-year and pending proceedings under the 1961 Act. Establish the governing year and savings before choosing a statutory comparison.

No automatic precedent carry-over or verified case-specific 2025 applicability is claimed.

LATER TREATMENT

Source checked 2026-10-07. P.K. Fabrics v. Assistant Commissioner of Income-Tax (Income Tax Appellate Tribunal, Amritsar, 1998-03-05), paragraphs 7–9 and 14–16: Cites Varadarajan for assessment including reassessment while upholding section 263 revision of an order dropping reassessment proceedings. This is later Tribunal use of the interpretive proposition, not an expansion of the original declaration holding.

One bounded later judicial use is recorded; comprehensive subsequent history, absence of contrary treatment and current-law status remain unverified.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 2025, as amended by Finance Act 2026](#)

Section 536(1) and (2)(a)–(e): physical 584–585, extracted lines 24385–24408. Selected official FA 2026 web-extracted text only; no raw-PDF, rendered-page or full-Act read claimed. No all-amendments or current-law certification.

[Income-tax Act, 1961, DOR-hosted Finance Act 2011 compilation](#)

Section 2(8): physical 46, extracted line 1519. Selected web-extracted text only; no raw-PDF, rendered-page or full-Act read claimed. Historical version, not certification of current law.

[Income-tax Act, 2025, as amended by Finance Act 2026](#)

Section 2(13): physical 3, extracted line 109. Selected official FA 2026 web-extracted text only; no raw-PDF, rendered-page or full-Act read claimed. No all-amendments or current-law certification.

[P.K. Fabrics v. Assistant Commissioner of Income-Tax \(1998-03-05\), nonofficial judicial text reproduction](#)

Paragraphs 7–9 and 14–16, plus identity/header, personally reread in the fresh targeted indexed judicial return. Actual targeted web-search return of third-party judicial text after direct-open cache failures; full relevant paragraphs are preserved in the raw tool capture. No court-original PDF/image validation; text anomalies retained.

AI DISCLOSURE

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