

INCOME TAX OFFICER 'A' WARD, CALCUTTA v. RAMNARAYAN BHOJNAGARWALA

Civil Appeal No. 318 of 1971; Originating High Court proceedings: Appeal No. 233 of 1968
[1976] 1 SCR 1014 | 1975-09-26

The High Court had not decided whether the Income-tax Officer possessed the reasonable belief required to reopen the assessment. Its judgment was set aside for a fresh hearing, after a time-bound determination of the disputed bank-deposit ownership.

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2-judge bench | V. R. Krishna Iyer, J. | A. C. Gupta, J.

Reasoned remand; merits remain open

The Court decided the course of further proceedings, not deposit ownership or the validity of the reopening.

Operative context: Income-tax Act, 1961; 148.

01 FACTS OF THE CASE

A substantial bank deposit stood in the name of Madanlal. When assessed on it, he said the money belonged to his uncle, Ramnarayan. The Income-tax Officer rejected that explanation, but the Appellate Assistant Commissioner directed an inquiry into the true ownership. The officer had still not completed it when the Supreme Court heard the case. Meanwhile, Ramnarayan had challenged proceedings under section 148 and succeeded before the Calcutta High Court.

The Supreme Court recorded that the High Court had proceeded on assumptions and representations, for which Revenue counsel was largely responsible, without deciding the taxpayer's foundational objection: whether there was reasonable belief sufficient to initiate reassessment. No stay had prevented the officer from complying with the appellate direction.

Source: [SCR 1014 G-H](#); [1015 A-F](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated the unexplained administrative delay as a serious failure to obey the appellate direction. A pending writ proceeding, without a stay, did not excuse the failure to determine ownership. Prompt factual adjudication might itself have avoided the further litigation.

That criticism did not decide which relative owned the deposit or validate the reopening. The observation that one of the relatives would ordinarily be liable could not replace the statutory jurisdictional inquiry. The High Court still had to decide whether the required reasonable belief existed.

The Court therefore ordered the officer to determine ownership within six months, with the High Court appeal to be considered afterwards. If the nephew was found to own the money, the uncle's writ appeal might become unnecessary, subject to the nephew's available appeals. The sequence made the factual investigation useful without prejudging either taxpayer's rights.

Source: [SCR 1015 B-H; 1016 A-B](#)

03 JUDICIAL DECISION

Revenue's appeal was allowed, the High Court judgment was set aside and the matter remanded for fresh disposal. The Income-tax Officer was directed to decide deposit ownership within six months. No order as to costs was made.

Source: [SCR 1015 G-H; 1016 A-B](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal allowed and High Court appeal remanded; ownership inquiry directed within six months. Result: Revenue obtained procedural relief only. Costs: No order as to costs. Scope: Ownership and validity of reasonable belief left open. Limit: Reasoned procedural remand, not approval of the reassessment or a final liability determination.

Source: [SCR 1016 A-B](#)

05 AKHB REVIEW POINT

Keep three questions separate: ownership evidence, compliance with appellate directions, and the legal conditions for reopening. A direction to investigate ownership does not itself establish reopening jurisdiction. Identify the statutory version governing the notice and preserve all parties' appeal rights when asking a court to sequence the inquiry and writ hearing.

Source: [SCR 1015 D-H; 1016 A-B](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

3-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 caption clearly prints 26 September 1975, while SCR 1015 says October 1975. It also dates the appellate direction to September 1970 although the jurisdictional recital identifies a High Court judgment of 3 June 1969. These source chronology inconsistencies are retained without an invented correction; the remand and case identity are clear.

STATUTORY SCOPE

Income-tax Act, 1961; 148.

The judgment itself applied historical section 148. The separately read 2011 sections 147–148 retain reason-to-believe and notice/reasons requirements, but are a later historical version and do not certify the rules governing a present notice.

Sections 279–281 supply a different reassessment, notice and pre-notice framework, including information suggesting escapement and an opportunity/order process. For earlier tax years the statutory savings must be checked before using these new numbers. The remand decides no present notice's validity.

The 2025 Act commenced 1 April 2026. Section 536 preserves 1961 proceedings/procedure for tax years beginning before that date and pending proceedings; compare the actually applicable law.

Related-section tags are research cross-references, not provisions decided in this judgment or verified mappings beyond the specific comparisons and source bounds below.

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

LATER TREATMENT

Source checked 2026-10-07. No separate later judicial use is verified in this bounded review. No inference of absence of later treatment is made.

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

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961, as amended by Finance Act 2011; supplied DOR compilation](#)

Judgment primary pages 1–3; 2011 sections 147–148 physical 720–722, printed 1.679–1.681. Selected text only; not current 1961 consolidation or image verification.

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

Sections 279–281; physical 371–373, lines 15022–15104. Selected web-extracted text; no raw-PDF/image verification or all-amendments certificate.

[Statutory comparison pinpoint](#)

Sections 279–281; physical 371–373, lines 15022–15104.

[Statutory comparison pinpoint](#)

Section 1(3), physical 1; section 536(2)(c),(e), physical 584–585, extracted lines 24385–24408.

AI DISCLOSURE

AI-assisted research. The AKBH Review Point is editorial analysis, not part of the Court's judgment.

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