

Commissioner of Income-tax, Lucknow v. Madho Pd. Jatia

Three connected Civil Appeals of 1971 (appeal-range printing unclear in source scan)
[1977] 1 SCR 202 | 1976-08-17

Historical irrecoverable rent: remaining exemption over successive years subject to annual limit.

Indian Income-tax Act, 1922: sections 9, 60 and 66(1) | Notification dated 21 March 1922: item 38 (identified as No. 878F in the substantive discussion)

3-judge bench | H. R. Khanna, J. | R. S. Sarkaria, J. | Jaswant Singh, J.

Assessment years: 1957-58, 1958-59, 1959-60

Historical notification; annual ceiling and conditions remain

The ruling applies item 38 of the 21 March 1922 notification, not modern unrealised-rent provisions. The discussion identifies No. 878F; an earlier factual reference prints 877F. The annual limit and all qualifying conditions remain essential.

01 FACTS OF THE CASE

The assessee owned the Grand Hotel property in Delhi and had been taxed on property income. Following tenant litigation and compromise deeds, substantial rent became irrecoverable. A deduction had been obtained for AY 1956-57, and the assessee sought relief for the remaining amount in AYs 1957-58 to 1959-60. The Tribunal permitted the claim and directed computation of the irrecoverable total less relief already allowed. The High Court upheld entitlement to successive-year relief, which the Revenue challenged.

Source: [SCR p. 203 / PDF p. 2](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 9 taxed notional annual value, while notification item 38 addressed rent later proved lost and irrecoverable. Its conditions included bona fide tenancy, steps concerning vacation and recovery, no occupation of another property of the assessee by the defaulting tenant, and prior taxation of the relevant annual value. Compliance was undisputed. The text limited the deduction in one year to a year's rent but did not exhaust relief after the first claim. The balance could qualify in later years, subject to the same ceiling.

Source: [SCR pp. 204-206 / PDF pp. 3-5](#)

03 JUDICIAL DECISION

The Court upheld successive-year relief for the unrelieved balance and rejected the contrary approach in *Daljit Singh v. Commissioner of Income-tax, Delhi*, 52 ITR 933. The Revenue challenge was dismissed with costs and one hearing fee. The opening identifies three appeals; the concluding text uses the singular appeal.

Source: [SCR p. 206 / PDF p. 5](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on entitlement to use the remaining exemption in successive years. The judgment does not grant the entire claimed amount without calculation: the Tribunal's direction required computation and exclusion of amounts already relieved, with the annual ceiling preserved.

Source: [SCR pp. 203 and 205-206 / PDF pp. 2 and 4-5](#)

05 AKHB REVIEW POINT

AKHB analysis: track the total rent previously taxed, amounts proved irrecoverable and deductions already obtained to prevent double relief. Establish every condition of the historical notification and apply the per-year ceiling. Do not infer an unrestricted carry-forward rule under a later Act from this specific exemption.

Source: [AKHB analysis based on SCR pp. 203-206 / PDF pp. 2-5](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Five-page SCR scan; judicial text begins on PDF page 2 and ends on page 5. The source expressly addresses three appeals and years. Caption appeal-range printing is unclear and is not silently reconstructed.

Open cited source rendition

Full judicial text and operative relief read; original SCR source bytes preserved.

The source is a public mirror of an original SCR scan, not a certified court copy. Page references distinguish judicial reasoning from editorial headnotes.

STATUTORY SCOPE

Apply the historical statutory text governing the decision. Current statutory applicability and Income-tax Act, 2025 equivalence have not been verified.

LATER TREATMENT

Source checked 2026-10-10. Full historical judgment checked. Comprehensive subsequent judicial treatment has not been verified; no current citator clearance is represented.

AI DISCLOSURE

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