

## Commissioner of Income-tax, Andhra Pradesh v. T.N. Aravinda Reddy

Special Leave Petition (Civil) No. 1557 of 1979

[1980] 1 SCR 872 | 1979-10-05

**Whether the eldest brother's acquisition of the other three brothers' shares in their common house, through release deeds for stated consideration adjusted against his agreed extra partition share, was a purchase for the historical section 54(1).**

54(1) (historical meaning of purchase)

Two-judge bench | V.R. Krishna Iyer, J. | D.A. Desai, J.

Assessment years: See the source-scope notes; no year inferred.

### Historical purchase issue; consideration-backed releases

This reasoned SLP dismissal holds that the three specified releases for Rs.30,000 each, discharged by adjustment, counted as purchase under the then section 54(1). It does not verify current exemption requirements or cover every family release. The assessment year is unstated, the first-page scan is partly obscured, and the SLP number is independently corroborated by the official list. Comprehensive later treatment, current-law status and 2025 mapping are not verified.

### 01 FACTS OF THE CASE

Four coparcener brothers partitioned their family properties but left a large house, occupied by their mother, in common. The eldest brother later sold his own house at a capital gain and obtained release deeds from his three brothers for their shares in the common house. Each release was for Rs.30,000, adjusted towards the extra share (Jesthabhaga) agreed to be given to him by the other brothers. The agreed premise was that, if these transactions amounted to purchase, section 54(1) would protect him from the tax in issue (physical page 2/SCR 873 A-C).

The Andhra Pradesh High Court had accepted that characterization. The Revenue sought special leave against the High Court's 1 February 1978 order in Case Referred No.114 of 1976. The Supreme Court chose to give reasons for rejecting the Revenue's single interpretative point. The report year is 1980, but the order was made on 5 October 1979 (physical page 1).

Source: See the proposition-specific paragraph and PDF-page references below.

## 02 DISCUSSION BY THE HON'BLE COURT

The Court agreed that, in these circumstances, each release transferred the releasing brother's share for consideration. Acquisition of the same share from an unrelated co-owner for a price would ordinarily be called a purchase, and the family relationship did not change that characterization (physical page 2/SCR 873 C-E).

The Revenue's objection depended on treating purchase as acquisition only for money actually paid, rather than consideration adjusted. Discussing *Hobshaw Brothers Ltd. v. Mayer*, the Court accepted the ordinary breadth of purchase as buying for a price or its equivalent, including payment in kind, adjustment against an old debt or other monetary consideration. It found no contextual reason to restrict the word in the then section 54(1) to a cash payment (physical pages 2-3/SCR 873 E-874 B).

The order expressly preserved the need to satisfy section 54(1)'s conditions; those conditions were not independently litigated as a complete exemption checklist. The concluding observations about tax avoidance and evasion were a passing comment, not a separate adjudication of an anti-avoidance rule (physical page 3/SCR 874 A-E).

Source: See the proposition-specific paragraph and PDF-page references below.

## 03 JUDICIAL DECISION

The Revenue's special leave petition was dismissed in a reasoned order. The Court concurred with the High Court that the consideration-backed release transactions constituted purchase for the historical section 54(1). The source records no express costs direction (physical pages 2-3, ending SCR 874 E).

Source: See the proposition-specific paragraph and PDF-page references below.

## 04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Revenue special leave petition dismissed; High Court's purchase characterization left undisturbed; no express costs order recorded

Reasoned final disposal of the legal purchase issue at the special-leave stage

The decision concerns these consideration-backed releases and the then section 54(1); it does not decide every present exemption condition, every family arrangement, or gratuitous releases.

Source: See the proposition-specific paragraph and PDF-page references below.

**05 AKHB REVIEW POINT**

Read the actual conveyances and the consideration mechanism before relying on the word purchase. Here, each brother released a share for a specified price, and the price was discharged by adjustment against an agreed entitlement. The judgment rejects a cash-only gloss; it does not remove the need to establish consideration or satisfy the applicable exemption conditions. The mother's occupation of the common house and the family partition are recorded facts, not a separately adjudicated residence test.

Keep the procedural label accurate: this is a speaking dismissal of the Revenue's special leave petition, not a civil appeal allowed or dismissed after a grant of leave. No assessment year or current section 54 checklist is supplied by the Supreme Court report. The rhetorical use of dissent in the opening is not a separate dissenting judicial opinion; both judges are listed for one order.

Source: See the proposition-specific paragraph and PDF-page references below.

**PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**

1.

**Topic:** Actual date, judges and speaking special-leave order

**Source url:** [Open cited source](#)

**Pdf pages:** 1

**Paragraphs:** SCR 872 heading and foot; first-page left-strip limitation disclosed

**Source role:** reported metadata and judicial text

2.

**Topic:** Family facts, specified consideration and agreed section 54 premise

**Source url:** [Open cited source](#)

**Pdf pages:** 2

**Paragraphs:** SCR 873 A–C

**Source role:** judicial text

3.

**Topic:** Meaning of purchase and rejection of cash-only reading

**Source url:** [Open cited source](#)

**Pdf pages:** 2; 3

**Paragraphs:** SCR 873 C–874 B

**Source role:** judicial text

4.

**Topic:** Passing avoidance observation and final disposition

**Source url:** [Open cited source](#)

**Pdf pages:** 3

**Paragraphs:** SCR 874 B–E and final disposal line

**Source role:** judicial text

5.

**Topic:** Independent full SLP number, date and report identity**Source url:** [Open cited source](#)**PDF pages:** 426**Paragraphs:** Official list entry 6998, printed page 424; SLP(C) 1557/1979**Source role:** official case metadata corroboration

## JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

V.R. Krishna Iyer, J.

## ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961 (historical section 54(1))

## SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 3 PDF pages; SHA-256

a1b42395eb2e3a725469ff3e12bb7a8299602060de6a77537b1caef08b122add. Original bytes preserved.

Unnumbered judicial order begins near the foot of physical page 1/SCR 872 and continues through page 3/SCR 874 E.

Reporter summary and appellate preface occupy the earlier part of page 1. No neighbouring judgment. The scanned left strip of page 1 is missing/obscured; the material purchase reasoning and disposition on pages 2–3 are readable.

[Open cited source rendition](#)

Actual decision date is 5 October 1979, not the 1980 SCR volume year.; The scan has a missing/obscured left strip on physical page 1; substantive reasoning and disposition on pages 2–3 remain readable. The full SLP(C) number 1557/1979 is corroborated by official SCR/neutral-citation list entry 6998, physical page 426 (printed page 424).; No assessment year is stated in the Supreme Court order. Costs silence is not converted into a no-costs order.; The release deeds were supported by specified monetary consideration adjusted against an agreed extra share. This is not a ruling that every release or family arrangement qualifies as purchase.; The order's passing tax-avoidance observations are separated from the purchase holding; no general anti-avoidance rule is extracted.

The three-page Supreme Court order does not identify the assessment year; no year is inferred from the report, High Court reference number or decision date.

## STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 and no present-law certification. Verify the applicable statutory version separately.

## LATER TREATMENT

Source checked 2026-10-05. not\_verified. No later judgment is relied upon for this note, and no comprehensive citator, amendment history, present section 54 requirements or 2025 crosswalk has been verified.

## IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 3](#)

SHA-256: a1b42395eb2e3a725469ff3e12bb7a8299602060de6a77537b1caef08b122add

[official case metadata index - PDF pages: 1738](#)

SHA-256: 70ec8d62e1d6e7cd26cab7295fc4310b9aa55c61fcda8bb5f3ff5e97f7b29030

**AI DISCLOSURE**

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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