

Commissioner of Wealth Tax, Gujarat, Ahmedabad v. Vadilal Lallubhai etc.

Civil Appeal Nos. 1524-1547 of 1973

[1984] 1 SCR 485 | 1983-10-21

Net wealth: final assessed tax liability rather than the return estimate.

Wealth-tax Act, 1957: section 2(m)

2-judge bench | R. S. Pathak, J. | E. S. Venkataramiah, J.

Assessment years: 1962-63 (lead appeal); individual connected years not specified

Liability must subsist at the relevant date

Later assessment quantifies an existing debt; the decision does not allow a liability first arising after the valuation date merely because it is assessed later. Lead assessment-year facts are not attributed to every connected appellant.

01 FACTS OF THE CASE

In the lead case, for wealth-tax AY 1962-63 with valuation date 31 March 1962, the assessee claimed estimated income-tax and wealth-tax liabilities as debts. The officer rejected them as estimates. The first appellate authority examined further material and allowed part of larger claims, including gift tax. The Revenue argued that only liabilities computed from returns, rather than later completed assessments, could be deducted. The Tribunal and Gujarat High Court rejected that position in the grouped references.

Source: [SCR pp. 486-487](#) / [PDF pp. 2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished crystallisation of liability from later quantification. Under the relevant historical law, income-tax and gift-tax debts crystallised at the end of the relevant previous year, and wealth tax at the valuation date. Assessments, appeals, reopening and rectification determine the correct amount. For tax liabilities subsisting as debts on the valuation date, the final quantification must be considered, including by the appellate authority when reached while the wealth-tax appeal is pending. Once assessment is made, the return's figures no longer determine the liability.

Source: [SCR pp. 487-489](#) / [PDF pp. 3-5](#)

03 JUDICIAL DECISION

The Court upheld the High Court's conclusion that the admissible deduction should be calculated by reference to tax finally quantified on assessment, although assessment occurred after the valuation date. All Revenue appeals were dismissed with costs.

Source: [SCR p. 489 / PDF p. 5](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on the quantification rule. The judgment rejects a fixed cap based on return estimates; it does not abolish the requirement that the debt existed at the valuation date or any other applicable statutory restriction.

Source: [SCR pp. 488-489 / PDF pp. 4-5](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish when the tax obligation accrued from when its amount became final. Maintain the full order history and use the operative assessment or appellate amount when presenting historical wealth-tax deductions. Avoid combining this wealth-tax decision with the separate 1972 Vadilal income-tax liquidation case merely because the party names coincide.

Source: [AKHB analysis based on SCR pp. 487-489 / PDF pp. 3-5](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Five-page SCR scan; full judgment starts on PDF page 2. Lead facts relate to Civil Appeal No. 1524 of 1973; the other appeals are described as substantially similar without individual factual detail.

[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.

[Related note: Commissioner of Wealth Tax, Gujarat v. Vimlaben Vadilal Mehta](#)

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.