

COMMISSIONER OF INCOME TAX PATIALA v. M/S. JAGANNATH PYARELAL

Civil Appeal No. 124 of 1974 / Civil Appeal Nos. 4122-23 of 1985; Originating High Court proceedings: Income Tax Reference No. 7 of 1972 / Income Tax Cases Nos. 21 and 22 of 1974 [1985] Supp. 2 SCR 735 | 1985-08-29

Registration under section 26A was rightly refused where the partner had not signed and the statutory application conditions were unmet. Acquiescence could not displace the Tribunal's unchallenged findings or supply compliance with the historical rules.

2-judge bench | Sabyasachi Mukharji, J. | Ranganath Misra, J.

Historical registration formalities

This ruling applies section 26A and the 1922 Rules to unchallenged factual findings. It is not a current-law certification of firm-registration or signature requirements.

Operative context: Indian Income-tax Act, 1922; 26A, 66(2).

01 FACTS OF THE CASE

A firm originally formed in 1952 had ten partners from two families. When Padam Kumar attained majority, an October 1956 instrument recorded eleven partners, including Rabinder Kumar. Rabinder left for studies in the United States in January 1959. A fresh deed was executed on 1 April 1959, and an application dated 2 September 1959 was filed on 30 September 1959 seeking registration for 1960-61.

The Tribunal found that Rabinder had not signed the application, that the firm was not genuine and that the application did not comply with the rules. These findings were not challenged before the High Court. Nevertheless, the High Court considered that a further opportunity should have been given to establish the firm's existence and that Rabinder's acquiescence supported registration.

Source: [SCR736F-737D](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court applied the conditions identified in R.C. Mitter: an instrument specifying individual shares; an application signed by all partners with prescribed particulars; an application before the relevant assessment; allocation of profits or losses according to the instrument; and a genuine partnership actually operating on those terms. Existence or acquiescence alone did not answer these cumulative requirements.

The Court stated that Rabinder had signed neither the partnership deed nor a compliant registration application. Referring to Ravulu Subba Rao, it emphasised personal signature. It also applied Rules 2 and 4, which it described as requiring an application within six months of constitution or before the previous year's end, whichever was earlier, for a firm constituted in that previous year. The Tribunal's adverse findings on those conditions had not been displaced.

The reasoning rests on the factual findings left intact in the reference and the registration regime then applicable. The Court did not undertake a fresh fact inquiry into consent, calculate a substitute filing deadline or establish that a modern firm's tax assessment necessarily fails for the same procedural defect.

Source: [SCR737D-738D](#)

03 JUDICIAL DECISION

The Revenue's appeals were allowed. The Tribunal's refusal of registration was restored, and the referred question was answered by holding that registration had rightly been refused. The appellant was awarded the costs of the appeals.

Source: [SCR738C-E](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue appeals allowed; Tribunal restored. Result: Revenue. Costs: Appellant entitled to appeal costs. Scope: Registration refused under the historical regime. Limit: Unchallenged factual findings and 1922 Act/Rules conditions.

Source: [SCR738D-E](#)

05 AKHB REVIEW POINT

Audit the operative instrument, every required signature, application date and accounting period separately. When challenging refusal, address adverse Tribunal findings through the available reference or appellate procedure. Do not treat participation or implied consent as a substitute for express statutory formalities; first identify the version of the firm-assessment regime that applies.

Source: [SCR737B-H;738A-D](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

4-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 judgment first expressly discusses the unsigned application at SCR 737B-C and then states that the deed was also unsigned at 737H-738A; both are retained. The source gives a 1956 constitution, 1959 fresh deed and September 1959 filing but no complete previous-year-end chronology permitting an independently recomputed deadline. No different date is invented.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 26A, 66(2).

The checked 2011 sections 184–185 follow the 1993 replacement of the old registration regime. They address assessment as a firm, the instrument, certification, and partner-payment deduction consequences; the 1922 registration application and timetable are not reproduced unchanged.

Selected 2025/FA 2026 sections 325–326 require an instrument and specified individual shares, with the copy certified by adult partners under section 325(3), and prescribe deduction consequences for non-compliance. They are not the former registration regime continued word for word.

Section 1(3) commenced the 2025 Act on 1 April 2026, subject to exceptions. Section 536 preserves prior operation, rights and liabilities and the 1961 procedure for specified earlier-year and pending proceedings. Determine the governing year and savings before using any comparison.

Related-section tags are research navigation only. They are not provisions decided in this judgment or verified mappings beyond any expressly bounded comparison below.

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

LATER TREATMENT

Source checked 2026-10-07. Commissioner of Income-Tax v Dillo Ram and Co. (Himachal Pradesh High Court, 1998-07-02), paragraphs 13–16: Invokes Jagannath Pyarelal's mandatory registration conditions in denying continuation of registration where a partner had not signed the instrument, application and declarations. Bounded later application under the historical registration regime.

Bounded later use is recorded below. No claim of exhaustive research, absence of contrary treatment or current-law certification is made.

IDENTIFIED SOURCE LINKS

[Commissioner of Income-Tax v Dillo Ram and Co. \(1998-07-02\), nonofficial judicial text reproduction](#)

paragraphs 13–16 Third-party public judicial text via web extraction; no court-original image validation; apparent OCR/typesetting anomalies preserved; link markup removed only in passage file; bounded passage only, not full later judgment.

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

Sections 184–185 and substitution/omission notes, physical 780–781. Selected extracted text only; not present-day 1961 consolidation or source-image verification.

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

Sections 325–326, physical 417–418, extracted lines 17022–17059. Selected official web-extracted text only; not full Act/raw-PDF/image/all-amendments verification. Physical pages are one-based; underlying web P indexes are zero-based.

[2025 Act commencement and savings, selected FA 2026 text](#)

Section 1(3), physical 1, lines 0–13; section 536(2)(a)–(e), physical 584–585, lines 24385–24408.

AI DISCLOSURE

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

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