

J. M. Bhatia, Appellate Assistant Commissioner of Wealth Tax & Others v. J. M. Shah

Civil Appeal No. 680 of 1974 (as printed in the SCR report; catalogue metadata says 1975)
[1985] Supp. 2 SCR 872 | 1985-09-19

Historical wealth-tax rectification: expiry of the appeal period did not make an exemption order immune from the existing four-year rectification power following a retrospective amendment.

Wealth-tax Act, 1957: sections 5(1)(viii) and 35, including section 35(7) | Finance (No. 2) Act, 1971: section 32 | Indian Income-tax Act, 1922: sections 18A(5) and 35 discussed through precedent

2-judge bench | V. D. Tulzapurkar, J. | Sabyasachi Mukharji, J.

Assessment years: 1969-70

Limited finality holding

The Court relied on an existing rectification power exercised within its four-year period. It expressly found it unnecessary to decide the broader certified question about genuinely completed assessments.

01 FACTS OF THE CASE

For AY 1969-70 the Wealth Tax Officer assessed net wealth of Rs. 6,07,690, including jewellery and ornaments worth Rs. 4,15,942. On 26 June 1970 the AAC excluded those items as intended for the assessee's personal use, following Arundhati Balkrishna. Neither side appealed. The Finance (No. 2) Act, 1971 then excluded jewellery from the relevant exemption with effect from 1 April 1963. The successor AAC issued notice on 25 January 1972 and, after hearing objections, rectified the order on 22 February 1972 to withdraw the exemption. The High Court quashed the rectification because the reach of the amendment to completed assessments was considered debatable. Revenue appealed.

Source: [SCR pp. 874-876](#) / [PDF pp. 3-5](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that the premise of a finally completed assessment was absent. Following the reasoning in *M. K. Venkatachalam v. Bombay Dyeing*, an order remained subject to the original statutory rectification power even if no appeal was filed and the appeal period had expired. The AAC commenced rectification within four years of the 26 June 1970 order. The power therefore came from the existing section 35(7), rather than a newly created power in the amending legislation. The assessee could not invoke finality or acquired rights to defeat that timely exercise. The Court distinguished *S. K. Habibullah*, which concerned the retrospective reach of a newly inserted rectification provision under the 1922 Income-tax Act. It expressly declined to answer the broader certified question concerning amendments and genuinely completed assessments because that situation was not established here.

Source: [SCR pp. 876-878 / PDF pp. 5-7](#)

03 JUDICIAL DECISION

The Supreme Court allowed Revenue's appeal, reversed the effect of the High Court's decision and restored the AAC's rectification order withdrawing the jewellery exemption. There was no order as to costs.

Source: [SCR p. 878 / PDF p. 7](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on the rectification at issue. The assessee's jewellery exemption was withdrawn through restoration of the AAC's order. This was a final result in that proceeding, not a remand and not a universal ruling that all retrospective amendments reopen all assessments.

Source: [SCR pp. 877-878 / PDF pp. 6-7](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish expiry of an appeal period from expiry of every statutory power to amend an order. For an archival rectification dispute, identify the original power, its limitation period, the effective date of the substantive amendment and the precise alleged mistake. Record what the Court left undecided; this judgment should not be used to bypass limitation or the requirements of the applicable rectification section. Current-law reliance requires separate statutory and later-treatment verification.

Source: [AKHB analysis based on SCR pp. 876-878 / PDF pp. 5-7](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full seven-page SCR report read; editorial headnote on PDF pages 1-2 distinguished from the judicial text beginning on PDF page 3.

Open cited source rendition

All seven source pages were read; original bytes and SHA256 match catalogue asset S_1985_2_872_878.

The appeal number is printed as Civil Appeal No. 680 of 1974 at SCR p. 873 / PDF p. 2 and was visually verified. The catalogue's 680/1975 entry is not silently adopted.

The headnote at SCR p. 872 includes an inconsistent 1983 effective-date reference; the judicial text at pp. 874-875 and 877 consistently establishes 1 April 1963, which this note follows.

The report has no numbered judicial paragraphs; physical PDF and SCR page pinpoints are used.

STATUTORY SCOPE

The judgment concerns the Wealth-tax Act provisions applicable to AY 1969-70, the 1971 amendment effective from 1 April 1963, and the then four-year rectification period. It does not establish an unlimited power to reopen final assessments or resolve every question about retrospective amendments.

LATER TREATMENT

Source checked 2026-10-10. Subsequent judicial treatment and current statutory equivalence have not been comprehensively verified; this is not current-law or citator clearance.

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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