

Commissioner of Wealth Tax, Punjab, J & K, Chandigarh, Patiala v. Yuvraj Amrinder Singh and Another

Civil Appeal Nos. 797-799 (NT) of 1974

[1985] Supp. 3 SCR 565 | 1985-10-08

Wealth-tax exemption: a commutable deferred annuity dependent on human life fell within 'any policy of insurance' under section 5(1)(vi).

Wealth-tax Act, 1957: sections 2(e)(iv), 3, 5(1)(vi), 5(1)(vi-a) and 5(1)(vii) | Insurance Act, 1938: section 2(11)

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

Assessment years: 1964-65, 1965-66

Historical exemption with policy-specific conditions

The policies depended on human life and the money had not become due and payable on the valuation dates. The decision should not be stated as a blanket exemption for every annuity.

01 FACTS OF THE CASE

Yuvraj Amrinder Singh and Princess Rupinder Kumari were assessed individually to wealth tax. Singh's valuation dates were 31 March 1964 and 31 March 1965; Kumari's was 31 March 1965. Each had purchased a deferred annuity policy with a single premium. The reported policy values were Rs.2,13,000 and Rs.2,35,176. Monthly annuity payments were guaranteed for 35 years from 22 January 1964 and continued thereafter if the annuitant remained alive; death before vesting triggered return of the premium, and the proposer could elect a stated cash commutation before vesting. The Wealth-tax Officer rejected exemption, but the first appellate authority, Tribunal and Punjab and Haryana High Court treated the policies as within section 5(1)(vi).

Source: [Assessments, policy terms and statutory provisions: SCR pp.569-573](#)

02 DISCUSSION BY THE HON'BLE COURT

A contract on human life may promise a lump sum upon death or another life contingency, or may use a gross premium to fund an annuity after a stated age. Both insure against penury. Section 2(11) of the Insurance Act expressly included annuities on human life within life-insurance business. Because the policies guaranteed payments for 35 years and continued them for any longer lifetime, they covered a contingency dependent on human life. Section 5(1)(vi)'s words 'any policy of insurance' were broad and advanced thrift; nothing justified confining them to conventional death or endowment policies. The later proviso concerning policies with payment periods below ten years only proportionately cut down the exemption; it did not redefine the main clause. Section 2(e)(iv)'s exclusion of non-commutable annuities did not exhaust the subject. A commutable annuity first remained an asset and could then receive the separate, limited section 5 exemption. Reading sections 2(e), 5(1)(vi), 5(1)(vi-a) and 5(1)(vii) harmoniously avoided conflict.

Source: [Human-life contingency and policy-of-insurance analysis: SCR pp.573-577; Proviso, asset definition and harmonious construction: SCR pp.578-581](#)

03 JUDICIAL DECISION

The Court held that commutable life annuities of the kind before it fell within section 5(1)(vi), so their value qualified for the statutory exemption before the policy money became due and payable. It confirmed the High Court and dismissed all Revenue appeals with costs.

Source: [Holding and final order: SCR p.581](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assesseees. The three Revenue appeals failed, and the annuity-policy interests received the historical section 5(1)(vi) exemption on the facts recorded.

Source: [Appeals dismissed with costs: SCR p.581](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the policy's vesting date, single or periodic premiums, commutation right, guaranteed payment period, life-contingent extension and whether money was already due on the valuation date. Then apply the exact statutory version in force. Do not collapse the Court's two-stage reasoning: a commutable annuity may fall within 'assets' yet separately qualify for an insurance-policy exemption. Modern annuity, pension and insurance products require fresh review under current tax and regulatory provisions and later case law.

Source: [AKHB analysis based on policy terms and statutory construction](#)

SOURCE & VERIFICATION

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

Full 17-page SCR report read. Editorial headnotes on PDF pages 1-5 were separated from Tulzapurkar J.'s judgment, which begins on SCR p.569 / PDF p.5.

[Open cited source rendition](#)

Exact source bytes match catalogue asset S_1985_3_565_581: SHA-256

6ad14d4f748bee069222819e854d41ce192404a5e28c7f33089d2e4501f74d47; the PDF has 17 pages.

The report caption spells the first assessee as Yuvraj Amrinder Singh in the headnote and as Arminder Singh in the judicial facts. The note preserves the reported caption and discloses the spelling variation without inventing a correction.

The date, bench and Civil Appeal Nos.797-799 (NT) of 1974 appear on SCR pp.565 and 569. The catalogue identifier 1985INSC225 is not printed in the report and is not independently certified here.

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

STATUTORY SCOPE

This ruling applies historical Wealth-tax Act provisions to 1960s valuation dates. Its construction of section 5(1)(vi) does not certify the present tax, insurance or regulatory treatment of annuities.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment and present statutory applicability have not been checked; no current citator clearance is represented.

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