

Commissioner of Wealth Tax, Kanpur etc. etc. v. Chander Sen etc.

Civil Appeal Nos. 1668 and 1669 of 1974 / Civil Appeal No. 1670 of 1974 / Special Leave Petition No. 5327 of 1978
[1986] 3 SCR 254 | 1986-07-16

Whether separated capital and accumulated profits inherited by Chander Sen from his intestate father under section 8 of the Hindu Succession Act belonged to him individually or to his HUF, and consequently whether Rs.23,330 interest was deductible in computing the family's business income.

Two-judge bench | R.S. Pathak, J. | Sabyasachi Mukharji, J.

Assessment years: 1966-67, 1967-68

Mixed tax decision; disputed income-tax year and succession limits

This is an actual connected 1961 income-tax decision as well as a wealth-tax ruling. It concerns section 8 inheritance of the father's separate credit, with a consequent Rs.23,330 family-business interest deduction. The single income-tax appeal is labelled 1968-69 at page 4 and 1967-68 at pages 5–6; the report also prints an anomalous previous-year date. No extra assessment year or numbered deduction section is inferred. Do not apply the ruling to every mode of acquiring family property or treat it as a current section 64 or inheritance-law determination. Appeals and SLP have different costs orders. Comprehensive later treatment, current-law status and 2025 mapping remain unverified.

01 FACTS OF THE CASE

Rangi Lal and his son Chander Sen partially partitioned their family business on 10 October 1961 and thereafter carried it on in partnership; the family house remained joint. Rangi Lal died on 17 July 1965, leaving Chander Sen and his grandsons; his wife and mother had predeceased him and Chander Sen was his only son. The disputed credit of Rs.1,85,043 represented capital allotted to Rangi Lal on partition and his accumulated partnership profits. It was his separate property during his lifetime vis-à-vis Chander Sen and the latter's sons (physical pages 5–6/SCR 258–259).

The wealth-tax officer included that credit, and the later credit of Rs.1,82,742, in the assessee-family's wealth for AYs 1966-67 and 1967-68. A separate income-tax assessment disallowed Rs.23,330 interest credited on the father's balance, treating it as Chander Sen paying himself. The appellate authorities accepted individual ownership of the inherited capital and allowed the family's interest deduction. The High Court answered both the wealth-tax asset question and the income-tax deduction question for the assessee. The report inconsistently labels the single income-tax year as 1968-69 in its opening paragraph and 1967-68 in the detailed account; that discrepancy is not resolved by creating another appeal (physical pages 4–8).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court addressed the mode by which this particular property devolved. Under section 8 and Class I of the Hindu Succession Act, the son inherited as a specified heir; the son of a living son was not separately included in that class. Treating Chander Sen as taking the inherited property as karta, with a simultaneous birthright for his sons, would reintroduce the pre-existing rule which the statutory scheme displaced in that situation (physical pages 8–10 and 14–15/SCR 261–263 and 267–268).

Section 4 gave the codifying statute overriding effect on matters for which it made provision. The Act's preamble, the inclusion of female heirs and the section 19 tenants-in-common rule reinforced the reading of section 8. The Court discussed the historical section 6 framework, but did not assimilate section 8 inheritance to every other source or mode of acquiring family property. The separate joint house, the father's partitioned capital and the latter's devolution had to remain distinct (physical pages 9–14).

After reviewing the conflicting High Court approaches, the Court accepted the views of the Allahabad High Court in *Ram Rakshpal*, the Madras Full Bench in *P.L. Karuppan Chettiar*, the Madhya Pradesh High Court in *Shrivallabhdas Modani* and the Andhra Pradesh High Court in *Mukundgirji*, and rejected the contrary Gujarat view in *Dr. Babubhai Mansukhbhai*. Its final tax application was explicit: the sums standing to Rangi Lal's credit belonged to Chander Sen individually, so the family's interest payment was not a payment by Chander Sen to himself in the same taxable capacity (physical pages 11–15, especially SCR 268 B–D).

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

03 JUDICIAL DECISION

The Allahabad High Court judgment was affirmed. Wealth-tax Civil Appeals 1668 and 1669 of 1974 were dismissed with costs. Income-tax Civil Appeal 1670 of 1974 was also dismissed with costs: the inherited credits were Chander Sen's individual property and Rs.23,330 interest was allowable in computing the family's business income. SLP 5327 of 1978 was separately dismissed with no order as to its costs. The report supplies no distinct SLP facts or assessment year (physical page 15/SCR 268 C–E).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee in the wealth-tax and income-tax appeals

Civil Appeals 1668–1669 of 1974 dismissed with costs; Civil Appeal 1670 of 1974 dismissed with costs; SLP 5327 of 1978 dismissed without an order as to costs

Final reasoned mixed-tax merits ruling, including an express income-tax deduction consequence; no remand

Section 8 intestate succession to the father's separated capital and accumulated profits on these facts. The report does not decide every form of inherited, coparcenary, gifted or blended property, and identifies no numbered 1961 deduction provision.

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

05 AKHB REVIEW POINT

A wealth-tax lead title does not exclude an actual connected income-tax decision. Trace the property, the event by which it passed and the capacity in which the recipient took it before classifying the related income or expense. Here, the decisive link was section 8 succession to the father's separate credit; the Court then expressly upheld the family's interest deduction. Do not substitute an inferred section 64, partition-recognition or general modern inheritance rule for that reasoning.

A bounded later primary check found direct reliance on Chander Sen in Yudhishter v. Ashok Kumar, decided 11 December 1986: physical pages 8–9/SCR 523–524 apply the section 8 individual-capacity reasoning in a rent-control dispute. The surrounding pages also preserve the independent conclusion that the landlord's accommodation was inadequate even on the alternative HUF assumption. This corroborates one later use of the succession reasoning; it is not a later income-tax deduction ruling, a complete treatment history or certification of current inheritance law.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, mixed appeal metadata and opening income-tax year

Source url: [Open cited source](#)

Pdf pages: 1; 4

Paragraphs: SCR 254 A–B; 257 D–H

Source role: reported metadata and judicial text

2.

Topic: Separated capital, death, tax facts and conflicting income-tax year

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: SCR 258 A–H; 259 A–H

Source role: judicial text

3.

Topic: Both reference questions and source of disputed property

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: SCR 259 C–H

Source role: judicial text

4.

Topic: Class I succession, statutory override and historical context

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10

Paragraphs: SCR 261 E–263 G

Source role: judicial text

5.

Topic: High Court conflict and section 19 reasoning

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13; 14

Paragraphs: SCR 264 A–267 H

Source role: judicial text

6.

Topic: Court's adopted section 8 reasoning and all separate dispositions

Source url: [Open cited source](#)

Pdf pages: 14; 15

Paragraphs: SCR 267 C–268 E

Source role: judicial text

7.

Topic: Bounded later direct application in a rent-control case, with independent accommodation ground

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9

Paragraphs: SCR 522 D–F; 523 E–524 C

Source role: bounded later direct treatment

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Sabyasachi Mukharji, J.

ASSESSMENT-YEAR GROUPS

1.

Proceedings: Civil Appeals 1668–1669 of 1974 (wealth tax)

Assessment years: 1966-67; 1967-68

Status: expressly identified

2.

Proceedings: Civil Appeal 1670 of 1974 (income tax)

Assessment year: unresolved source conflict: 1968-69 at page 4; 1967-68 at pages 5–6

Status: conflicting descriptions of one appeal

3.

Proceedings: SLP 5327 of 1978

Assessment year: Not stated in the reviewed record

Status: not separately supplied

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961; Wealth-tax Act, 1957; Hindu Succession Act, 1956 (mixed tax appeals)

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Hindu Succession Act, 1956: sections 4 and 8 with Class I of the Schedule (governing succession reasoning); Hindu Succession Act, 1956: section 19 (supporting interpretive reasoning); sections 6 and 30 (historical statutory context discussed); Wealth-tax Act, 1957 (two substantive wealth-tax appeals; sections 3 and 4 appear in the editorial headnote, not as independently analysed judicial provisions); Indian Income-tax Act, 1922: section 25A (only in the account of the earlier Madras precedent, not the governing provision of these appeals)

SOURCE & VERIFICATIONHon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 15 PDF pages; SHA-256

4a5d1c833cdb8e1218f2eab832b8d55aebce5874e3c6dae0660e9e0b9dda28a1. Original bytes preserved.

Unnumbered judicial body begins physical page 4/SCR 257 F and ends page 15/SCR 268 E. Editorial headnotes and appellate metadata precede it on pages 1–4. No neighbouring judgment.

Open cited source rendition

Despite the lead wealth-tax title, the judicial body at physical pages 4, 6 and 15 expressly identifies the connected 1961 income-tax appeal; its income-tax scope is established by the judicial text, not the headnote or generic Hindu-law relevance.; The income-tax year conflicts within the judicial text: 1968-69 at page 4, but 1967-68 at pages 5–6. Only one income-tax appeal is identified.; Page 5 prints the chronologically anomalous previous-year ending 22 October 1962. The image confirms that it is a source-text problem; no corrected date is invented.; The opening of page 6 contains a visibly defective sentence about the appellate finding. The final ownership and interest rulings at page 15 are complete and independently clear.; No numbered 1961 deduction section is supplied in the judicial reasoning. Wealth-tax sections 3 and 4 are editorial-headnote labels; 1922 section 25A belongs to the recited Madras precedent.; Civil Appeals 1668–1669, Civil Appeal 1670 and SLP 5327 have separate costs dispositions. The SLP's parties, facts and year are not inferred.; The historical discussion of pre-Act Hindu law is not published as an unrestricted present-day birthright proposition. The section 8 factual and statutory setting controls.

AYs 1966-67 and 1967-68 are expressly identified for the two wealth-tax appeals. The single connected income-tax appeal has an unresolved printed-year conflict: opening judicial paragraph at physical page 4/SCR 257 G says 1968-69; detailed facts and Tribunal appeal account at pages 5–6/SCR 258–259 repeatedly say 1967-68. These are conflicting descriptions of one income-tax appeal, not two separately adjudicated income-tax years. Page 5 also prints previous-year ending 22 October 1962 alongside AY 1967-68 and after the father's 1965 death; no substitute date is inferred. The SLP's separate facts, parties and year are not given.

The judicial body expressly identifies the Income-tax Act, 1961 and decides the business-income interest deduction in Civil Appeal 1670 of 1974, but does not identify a numbered income-tax deduction provision. No section 36, 37, 40, 64 or 171 holding is inferred.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 and no present-law certification. Applicable statutory version and procedural route require separate verification.

LATER TREATMENT

Source checked 2026-10-04. not_verified. Actual bounded direct-treatment check: Yudhishter v. Ashok Kumar, 11 December 1986, [1987] 1 SCR 516, physical pages 7–9/SCR 522–524, with cover identity/date checked. Direct citation/application of Chander Sen is verified only within that rent-control discussion. Full later judgment, comprehensive citing history, later Hindu Succession amendments and current-law status are not certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 15](#)

SHA-256: 4a5d1c833cdb8e1218f2eab832b8d55aebce5874e3c6dae0660e9e0b9dda28a1

[later judgment bounded direct treatment - PDF pages: 11](#)

SHA-256: c2f65d1831104fdf9e610b04334690285a00c3e6e2d43c568acbdb537537b5eb

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