

## Income-tax Officer, Calcutta and others v. Radheshyam Ladia

Civil Appeal No. 1187 of 1974

[1987] 2 SCR 1102 | 1987-04-21

**Whether the historic non-disclosure rule in binding three-judge precedent required the Court to uphold quashing of these section 147(a)/148 notices, notwithstanding later criticism of that rule and the return-form amendment from 1 April 1972.**

147(a) and 148 (historical reassessment notices challenged) | 143(3) (original assessment context for AYs 1961-62 and 1962-63)

Two-judge bench | R.S. Pathak, C.J. | Ranganath Misra, J.

Assessment years: 1960-61, 1961-62, 1962-63

### Old-return disclosure rule; express 1972 limit and headnote error

These section 147(a)/148 notices concerned AYs 1960-61 to 1962-63. The Court followed binding older precedent while adopting its express limitation after the return-form amendment from 1 April 1972. This is no general permission to omit clubbed income. The headnote's attribution of section 34 to the 1961 Act is wrong; that provision appears in the quoted 1922-Act precedent. Comprehensive later treatment, current-law status and 2025 mapping remain unverified.

### 01 FACTS OF THE CASE

The Revenue appealed from the Calcutta High Court's judgment upholding the quashing of reassessment notices for AYs 1960-61, 1961-62 and 1962-63. The first original assessment had been made under section 23(3) of the 1922 Act on 4 March 1961. The next two were made under section 143(3) of the 1961 Act on 10 and 11 June 1963. The notices now challenged were issued under historical section 147(a), read with section 148, of the 1961 Act (physical page 2).

In its High Court affidavit, the Revenue said the assessee's wife, Sushila Bala Devi Ladia, had claimed during her AY 1963-64 assessment to have received assets from him without adequate consideration: over 1,203 tolas of jewellery around 11 December 1955 and Rs.1 lakh around 28 October 1960. The jewellery was said to have been sold between 1959 and 1962. The Officer asserted that the related income and capital gains ought to have appeared in the husband's returns. These were the stated reassessment grounds, not fresh Supreme Court findings of the transfers, gains or tax quantum (physical pages 2-3).

The assessee relied on Muthiah Chettiar. Both the Single Judge and the Division Bench granted relief on that precedent, and the Division Bench also noted Malegaon Electricity. The present factual dispute concerned the alleged assets and income of the wife; the wife-and-minor-child partnership facts in the long passages that follow belong to the earlier cases (physical pages 3-5).

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

## 02 DISCUSSION BY THE HON'BLE COURT

The Court reproduced the reasoning in the three-judge Muthiah Chettiar decision. Under the earlier prescribed return considered there, no relevant head required disclosure of another person's income includible in the assessee's total income. That precedent held that omission of the wife's or minor child's relevant income did not supply the failure to disclose needed for reopening under section 34(1)(a) of the 1922 Act. Malegaon Electricity repeated that position. Radheshyam Ladia applied this historical line to the particular section 147(a)/148 notices before it; it did not treat section 34 as a provision of the 1961 Act (physical pages 3–6).

The Court then addressed Kochammu Amma, a two-judge decision concerning section 271(1)(c) penalty under the 1961 Act. That Bench had expressly doubted the correctness of Muthiah Chettiar's view but considered itself bound by the three-judge decision. It declined a larger-bench reference because, from 1 April 1972, the return form prescribed under rule 12 contained a separate column for Chapter V income of a spouse, minor child or other person, removing the earlier form-based argument for subsequent returns governed by that amendment (physical pages 5–6).

Radheshyam Ladia agreed with that treatment and likewise declined to refer the question. It followed Muthiah Chettiar and Malegaon Electricity and dismissed the Revenue's appeal. The expressed doubts did not overrule the larger-bench authority. Equally, following it for these old returns did not revive the historical form omission after the amendment. The form-based limitation is an express part of the Court's reasoning, not a qualification inferred from an unrelated later source (physical page 6).

The decision is about the basis for these reassessment notices. It does not decide that income legally includible in a spouse's assessment is substantively exempt, settle the amount of any capital gain, or rule on a penalty imposed on Radheshyam Ladia. The introductory observation about the notices not setting out material is not developed into an independent general notice-content holding (physical pages 2–6).

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

## 03 JUDICIAL DECISION

The Revenue's appeal was dismissed, leaving intact the quashing of the section 147(a)/148 notices for the three stated assessment years. The Court declined a larger-bench reference and made no order for costs throughout. It ordered no remand and made no fresh quantification of income or tax (physical page 6/SCR 1107 E–F).

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

**04 OUTCOME / IN WHOSE FAVOUR**

In whose favour: Assessee, on validity of the historical reassessment notices

Revenue appeal dismissed; notice-quashing upheld; no order for costs throughout

Final reasoned procedural-jurisdiction disposal; no remand or larger-bench reference

Historic disclosure rule applied to the specified old returns, with the Court's express 1 April 1972 form-amendment limitation; no substantive exemption or current nondisclosure licence.

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

**05 AKHB REVIEW POINT**

For a historical reopening dispute, identify the original assessment, the provision authorising the impugned notice, and the actual return form applicable to the year. Those may involve different statutory enactments. The challenged notices arose under sections 147(a) and 148 of the 1961 Act, and the Court upheld their quashing by applying controlling precedent concerning the 1922 Act.

Keep the precedent hierarchy and its stated limit together. A smaller Bench's disagreement does not erase a larger Bench's rule; nor does adherence to that rule create a general right to omit clubbed income. The judgment itself recognises the decisive form amendment effective 1 April 1972. Any application to other periods requires the prescribed form and governing reassessment provisions for that period to be verified. Comprehensive later treatment, current law and 2025 mapping remain unverified.

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

**PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**

1.

**Topic:** Identity, original assessments and actual 1961 reopening notices

**Source url:** [Open cited source](#)

**Pdf pages:** 1; 2

**Paragraphs:** SCR 1102 A–B (identity); 1103 B–F

**Source role:** reported metadata and judicial text

2.

**Topic:** Wife's assets and Revenue's reassessment allegations

**Source url:** [Open cited source](#)

**Pdf pages:** 2; 3

**Paragraphs:** SCR 1103 G–H; 1104 A

**Source role:** judicial text

3.

**Topic:** Quoted old-return rule and earlier precedents

**Source url:** [Open cited source](#)

**Pdf pages:** 3; 4; 5

**Paragraphs:** SCR 1104 B–H through 1106 E

**Source role:** quoted precedent and judicial application

4.

**Topic:** Binding precedent, disagreement and explicit 1972 form change

**Source url:** [Open cited source](#)

**Pdf pages:** 5; 6

**Paragraphs:** SCR 1106 F–H; 1107 A–F

**Source role:** quoted precedent expressly adopted

5.

**Topic:** No larger-bench reference, appeal dismissed and costs

**Source url:** [Open cited source](#)

**Pdf pages:** 6

**Paragraphs:** SCR 1107 E–F

**Source role:** judicial text

6.

**Topic:** Editorial erroneous statutory label compared with judicial clarification

**Source url:** [Open cited source](#)

**Pdf pages:** 1; 6

**Paragraphs:** SCR 1102 B–G versus 1107 B

**Source role:** source discrepancy

## JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ranganath Misra, J.

## ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

## OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Article 226, Constitution of India; Indian Income-tax Act, 1922: section 23(3) (original AY 1960-61 assessment); sections 16(3), 22 and 34(1)(a) within quoted precedent; Rule 12, Income-tax Rules, 1962: return-form amendment from 1 April 1972 discussed in the adopted precedent

## SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 6 PDF pages; SHA-256

60bba883042977879e89d748840796e219c15a5bdd5a0893a9802ba2cd6f0be3. Original bytes preserved.

Complete unnumbered judicial body begins physical page 2/SCR 1103 D and ends physical page 6/SCR 1107 F. Long quoted passages from earlier decisions on pages 3–6 distinguished from present facts and holding; headnotes on pages 1–2 distinguished; no neighbouring judgment.

### Open cited source rendition

The page 1 editorial headnote misleadingly labels section 34(1)(a) as part of the Income Tax Act, 1961. Judicial pages 2 and 6 correctly distinguish the present 1961 sections 147(a)/148 from the quoted 1922 section 34 precedent.; AY 1961-62 is expressly stated in the judicial body to have been assessed under section 143(3) of the 1961 Act in June 1963. This procedural attribution is reported as the Court's account; the note does not silently recast it based only on the assessment year.; The original assessment for AY 1960-61 was under the 1922 Act, but the challenged reopening notices for all three years were under the 1961 Act. This is therefore not a 1922-only case.; The long Muthiah Chettiar and Kochammu Amma quotations are earlier-case reasoning. The present wife's asset-transfer allegations are kept separate from those precedents' partnership and minor-child facts.; The two-judge Bench adopted Kochammu Amma's respect for the binding three-judge precedent, criticism of that precedent and express 1972 form-amendment limit. It did not overrule Muthiah Chettiar.; The 1 April 1972 rule-12 change is verified from the Court's express adoption of the quoted primary judicial account. The original amending notification and all later forms were not independently retrieved.; No general rule about later reassessment regimes, substantive tax exemption, a section 271 penalty on this assessee, or a universal requirement that all recorded material appear in the notice is declared here.

### **STATUTORY SCOPE**

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

### **LATER TREATMENT**

Source checked 2026-10-04. No comprehensive later-treatment search is certified. Any bounded statutory comparison actually checked is expressly identified.

### **IDENTIFIED SOURCE LINKS**

[reported judgment - PDF pages: 6](#)

SHA-256: 60bba883042977879e89d748840796e219c15a5bdd5a0893a9802ba2cd6f0be3

### **AI DISCLOSURE**

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