

Mahadeo Prasad Bais (Dead) v. Income-Tax Officer, A Ward, Gorakhpur and Another

Civil Appeal No. 1934 of 1978

[1991] Supp. 1 SCR 9 | 1991-09-12

Whether section 150(1), applied through section 297(2)(d)(ii), could remove the ordinary time bar for a 1961 Act reassessment giving effect to findings in appeal/reference orders made under the repealed 1922 Act.

148 | 149 | 150(1) | 150(2) | 297(2)(d)(ii) | 297(2)(k)

Three-judge bench | S. Ranganathan, J. | V. Ramaswami, J. | N.D. Ojha, J.

Assessment years: 1953-54, 1954-55, 1955-56, 1956-57, 1957-58, 1958-59, 1959-60, 1960-61, 1961-62

Historical transition rule; section 150(2) remains material

This direct 1961 Act ruling concerns section 297 transitional notices for AYs 1953–54 through 1961–62 giving effect to old-Act findings. It preserves section 150(2) and assumes the relevant giving-effect connection; it is not unlimited reopening after any litigation. The writ's later years are outside the appeal. Printed Act-year and subsection-paraphrase slips are identified. Comprehensive later treatment, present time limits and 2025 mapping remain unverified.

01 FACTS OF THE CASE

Mahadeo Prasad had been assessed as karta of the HUF. From AY 1949–50 he filed individual returns claiming total or alternatively partial partition. The claims were initially rejected, the property income was taxed in the HUF, and no such income was assessed individually. The Tribunal later accepted partial partition for some properties with effect from different dates, and the High Court affirmed the relevant finding. Income consequently fell to be assessed in his individual hands (physical pages 4–5).

The original individual assessments for AYs 1953–54 through 1961–62 were under the 1922 Act, and no section 34 proceedings were pending on 1 April 1962. Notices served on 19 March 1977 invoked section 148 through section 297(2)(d)(ii). Ordinary time limits did not permit them, so Revenue relied on section 150(1). It was undisputed that the notices sought to give effect to the relevant appellate/reference findings. The writ challenge had extended to 1963–64, but this Supreme Court appeal was expressly restricted to AYs 1953–54 through 1961–62 (physical pages 4–6).

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

02 DISCUSSION BY THE HON'BLE COURT

Section 297(2)(d)(ii) expressly made the new reassessment procedure subject to sections 149 and 150 where no old section 34 proceeding was pending at commencement. The taxpayer nevertheless argued that section 150(1) referred only to findings in proceedings under this Act, literally excluding findings under the 1922 Act. The Court considered that reading inconsistent with the transitional scheme's intended continuity (physical pages 3–7).

The Court read the provisions with the modifications necessary to preserve that continuity. Old-Act findings could attract the limitation relaxation through the express section 297 route, just as new-Act findings could; excluding only the transitional class would produce an unintended anomaly. It expressly retained the limitation in section 150(2). The holding therefore does not say that any reassessment after any prior litigation may be made without limitation (physical pages 10–11).

The Court also offered section 297(2)(k) as an alternative supporting construction, treating the relevant old Tribunal and High Court orders as orders under corresponding new provisions for this purpose. It described that as a liberal reading to avoid the particular transition anomaly, not a general authority to create new liabilities by disregarding statutory language (physical pages 11–12).

Govinddas, which rejected importing new substantive liabilities through the assessment machinery, did not displace the express incorporation of sections 148–150 here. The Court also distinguished *Gujar Mal Modi*'s principal conclusion that the old section 34 route remained applicable under section 297(2)(d)(i). Its additional section 150 observation had been unnecessary and based on a *prima facie* reading, so it did not conclusively determine this different transition issue. The earlier decision's principal holding was not broadly overruled (physical pages 8–10 and 12).

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

03 JUDICIAL DECISION

The Court affirmed the High Court's conclusion and dismissed the appeal, without costs. The limitation objection failed under the historical transitional construction. It did not compute the individual income or tax, reopen every year mentioned in the history, or independently adjudicate every condition of a different reassessment (physical page 12, read with pages 4, 6 and 11).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the reassessment-limitation challenge

Civil Appeal 1934/1978 dismissed; High Court conclusion affirmed; no costs

Final statutory-jurisdiction ruling applying the 1961 Act transitional reassessment scheme to old-Act findings

Only AYs 1953–54 through 1961–62 in this appeal; section 150(2) preserved. Giving effect to the relevant finding was common ground. No general reopening power, current time limit or new tax computation is supplied.

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

05 AKHB REVIEW POINT

Identify the transitional gateway before applying the limitation provision. Whether old proceedings were pending on 1 April 1962 determined which statutory route governed; the express incorporation of sections 148–150 then controlled the effect of old appellate findings. An early assessment year alone does not make this a 1922-only authority.

Keep the section 150(2) safeguard and the admitted connection to a finding or direction with the result. The Court's purposive reading concerned continuity between the two Acts, not permission to revive any closed issue. Do not transplant the historical four/eight/sixteen-year discussion or this savings construction into a later reassessment regime without checking its wording. Comprehensive later treatment 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, bench and single appeal

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: Unnumbered judicial text; physical PDF pages one-based

Source role: reported metadata and judicial text

2.

Topic: Reproduced transition and finding provisions

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: Unnumbered judicial text; physical PDF pages one-based

Source role: reported metadata and judicial text

3.

Topic: Actual appeal-year restriction, notices and common ground

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: Unnumbered judicial text; physical PDF pages one-based

Source role: judicial text

4.

Topic: Distinguished precedents and express statutory incorporation

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10

Paragraphs: Unnumbered judicial text; physical PDF pages one-based

Source role: judicial text

5.

Topic: Transition construction and retained 150(2) safeguard

Source url: [Open cited source](#)

Pdf pages: 10; 11

Paragraphs: Unnumbered judicial text; physical PDF pages one-based

Source role: judicial text

6.

Topic: Alternative 297(2)(k), Gujar Mal distinction and final dismissal

Source url: [Open cited source](#)

Pdf pages: 11; 12

Paragraphs: Unnumbered judicial text; physical PDF pages one-based

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S. Ranganathan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 12 PDF pages; SHA-256

9e15bcd9a3df15e1d3508c11f561cf13cff09dae27332112344fb388aac8d1d. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–12; earlier editorial material separated, no neighbouring judgment.

[Open cited source rendition](#)

The headnote on page 1 calls the replacing statute the 1962 Act once; the judicial opening expressly identifies the Income-tax Act 1961 effective 1 April 1962. The operative provisions are verified from the reproduced judicial text.; The headnote paraphrase on page 2 refers to section 149 where the judicial formulation on page 11 refers to proceedings initiated under section 148. The note follows the judicial scheme, keeping 149 as the ordinary limitation provision.; The writ included AYs 1953–54 through 1963–64, but the appeal expressly excludes the final two years. The earlier 1949–50 and other years in the history are not added to the disposed appeal.; The Court took the giving-effect connection as undisputed. It did not freshly formulate every requirement of finding/direction or calculate a separate section 150(2) result for each year.; Earlier cases' partition dates, tax liabilities and procedural facts are attributed precedent material, not additional transactions of this appellant.

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 actually checked later judgment or statute is expressly identified in this note.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 12](#)

SHA-256: 9e15bcd9a3df15e1d3508c11f561cf13cff09dae27332112344fb388aac8d1d

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