

Commissioner of Wealth Tax v. Dr. Karan Singh and Others

Civil Appeal Nos. 1290-1293 of 1985 with Civil Appeal Nos. 986-1080 of 1985

[1993] 1 SCR 569 | 1993-02-04

Constitutional competence: the Wealth-tax Act, 1957 as originally enacted, excluding agricultural land, fell within Union List Entry 86 and was validly extended to Jammu and Kashmir.

Wealth-tax Act, 1957: sections 1(2), 2(e), 2(m), 3 and 7; sections 4-6 also noted in the report | Constitution of India: Articles 246 and 370; Seventh Schedule, List I, Entries 86 and 97 | Finance Act, 1969: section 24 discussed as background to Union of India v. H.S. Dhillon

5-judge Constitution Bench | Lalit Mohan Sharma, C.J. | S. Ratnavel Pandian, J. | S. Mohan, J. | B.P. Jeevan Reddy, J. | S.P. Bharucha, J.

Assessment years: See the source-scope notes; no year inferred.

Historical constitutional and wealth-tax setting

The holding concerns the Wealth-tax Act, 1957 as originally enacted and the constitutional position applied to Jammu and Kashmir in this litigation. Do not transpose it to a current liability or present constitutional arrangement without independent verification.

01 FACTS OF THE CASE

Assessees before the Jammu and Kashmir High Court challenged section 1(2) of the Wealth-tax Act, 1957 insofar as it extended the Act to the State. Under the Constitution (Application to Jammu and Kashmir) Order, 1954, the provisions then applied omitted Article 248 and Union List Entry 97, leaving the residuary field with the State. The High Court accepted the assessees' case that the Wealth-tax Act was referable only to Entry 97 and that Parliament therefore lacked competence to extend it to Jammu and Kashmir. Revenue appealed. The parties agreed that the Act as applied to Jammu and Kashmir did not include agricultural lands/assets. The decisive issue was whether the original Act fell within Union List Entry 86, which addresses taxes on the capital value of assets, excluding agricultural land, of individuals and companies, or depended exclusively on Entry 97.

Source: [SCR pp. 574-576](#) / [PDF pp. 6-8](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court first analysed *Union of India v. H.S. Dhillon*. It held that the majority there had upheld the 1969 amendment concerning agricultural land but had not finally decided whether the original Wealth-tax Act fell within Entry 86. A judgment must be read against its issues and facts; a stray observation cannot be treated as a concluded decision where the issue was left open. The Court therefore considered the original Act on its merits. Reading sections 2(e), 2(m), 3 and 7 together, it characterised the levy as an annual tax on a person with reference to the aggregate capital value of assets, after the deductions authorised to arrive at net wealth. Entry 86 was given the liberal amplitude appropriate to a legislative entry. Deducting general debts and liabilities did not transform the tax into something outside Entry 86: a net-wealth tax asks what the person owns minus what the person owes, while remaining a tax on the person by reference to the capital value of the total assets. The Court distinguished a direct tax on an individual item of land or building and rejected the contention that only encumbrances charged against the assets could be deducted consistently with Entry 86.

Source: [SCR pp. 581-591 / PDF pp. 13-23](#)

03 JUDICIAL DECISION

The Supreme Court held that the Wealth-tax Act as originally enacted was covered by Union List Entry 86 and that its extension to Jammu and Kashmir was constitutional. It allowed Revenue's appeals, set aside the High Court judgment and dismissed the writ petitions, without an order as to costs.

Source: [SCR p. 593 / PDF p. 25](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue/Union on legislative competence. The assessee's constitutional challenge failed and their writ petitions were dismissed. The Court did not decide any individual valuation or assessment-year computation.

Source: [SCR p. 593 / PDF p. 25](#)

05 AKHB REVIEW POINT

AKHB analysis: use the decision for two bounded propositions. First, the original net-wealth levy, excluding agricultural land in the Jammu and Kashmir setting before the Court, was sustained under Entry 86; authorised debt deductions did not change its essential character. Second, precedent analysis must identify the precise enactment and issue actually decided-Dhillon's treatment of the 1969 agricultural-land amendment did not foreclose the Entry 86 question for the original Act. For any practical reliance, identify the relevant historical statutory version and constitutional setting, and separately check later legislative and constitutional developments.

Source: [AKHB analysis based on SCR pp. 581-591 and 593 / PDF pp. 13-23 and 25](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 25-page SCR report read; editorial headnote on PDF pages 1-5 distinguished from the judicial text beginning on PDF page 6 and continuing through PDF page 25.

Open cited source rendition

The exact downloaded source bytes match catalogue asset 1993_1_569_593: SHA-256 27db9d4ca326cf745b3ba6f0e633546edd92cf5a1a8edfc7ad14de134d794582 and 25 PDF pages.

The SCR cover verifies the title, 4 February 1993 date and five-member bench. The judicial caption verifies the two civil-appeal groups and the opinion delivered by Sharma C.J.

The report's editorial headnote was not treated as judicial text; all 20 pages of the judicial opinion were read separately.

STATUTORY SCOPE

This is a constitutional decision about the Wealth-tax Act, 1957 as originally enacted and extended to Jammu and Kashmir, on the express common ground that the Act as applied there did not include agricultural land/assets. It is not a present-law statement about wealth-tax liability, Article 370 or legislative arrangements after the judgment.

LATER TREATMENT

Source checked 2026-10-10. Later statutory and constitutional changes, subsequent judicial treatment and current applicability have not been comprehensively checked. No current-law clearance is asserted.

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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