

Jyotendrasinhji v. S. I. Tripathi and others

Civil Appeal Nos. 1301-1307 of 1991 and 1288-1300 of 1991

[1993] 2 SCR 938 | 1993-04-02

Limited review of Settlement Commission orders; revocable foreign trusts and direct assessment of income received by beneficiaries

Income-tax Act, 1961: sections 5, 61, 63, 160, 161, 164 and 166 | Income-tax Act, 1961: Chapter XIX-A, particularly sections 245C, 245D and 245I | Constitution of India: Articles 136 and 226

Two-judge bench; judgment delivered by B. P. Jeevan Reddy, J. | B. P. Jeevan Reddy, J. | N. Venkatachala, J.

Receipt findings and historical settlement procedure

The UK trust-character issue was not decided on its merits here. The foreign-tax observation preserves the Commission's case-specific condition and is not a general exemption for foreign trust income.

01 FACTS OF THE CASE

The ex-ruler of Gondal created three US settlements on 19 December 1963 and two UK settlements on 1 January 1964 for himself and family beneficiaries. He included their income in Indian returns. After his death on 22 August 1969, his son filed the relevant returns and later disputed taxability. Following appellate proceedings, the son sought settlement. Two Commission orders dated 31 March 1989 determined the father's income for AYs 1964-65 to 1970-71 and the son's for AYs 1970-71 to 1982-83. The son challenged the assessment of the foreign-trust income.

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Judicial review of a settlement order was limited to statutory contravention prejudicing the applicant, alongside independent grounds such as bias, fraud and malice. A direct Article 136 appeal did not open a wider merits review; mere misinterpretation of a trust deed did not itself establish statutory violation, and the Commission's deed interpretation did not bind other assessment years. On the US deeds, section 63 did not require an unconditional or exclusive power: the settlor's power to resume control jointly with the trustee attracted section 63(a)(ii), read with section 61. After the settlor's death that attribution ceased, but section 166 allowed direct assessment of income received by a beneficiary of a discretionary trust. Trustee and beneficiary could not both be taxed on the same income.

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The US trust assessments were upheld. For the UK trusts, the Court accepted the Commission's findings that the settlor and son had received the income, supported by their returns, declarations and accounts. Whether those deeds created specific or discretionary trusts was therefore academic in these appeals; section 5 was sufficient on the facts found. The Court did not decide that undistributed foreign-trust income must always be assessed on a discretionary beneficiary.

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

The appeals were dismissed without costs. The Court considered adequate the Commission's direction that, if the appellant proved the same income had been taxed in the US or UK, it would not be taxed again in India. That observation addressed the settlement before the Court and was not a general ruling on all foreign-tax-relief claims.

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate the settlor's retained powers, the beneficiary's actual receipts and the scope of review of the settlement order. A required trustee concurrence does not by itself remove statutory revocability. Equally, findings of receipt in earlier years cannot replace evidence for a later year, and a case-specific foreign-tax condition should not be converted into a universal exemption. Read the complete deed, accounts and governing statutory version before applying the decision.

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Complete 31-page Supreme Court Reports rendition; judicial reasons distinguished from editorial headnotes.

[Open cited source rendition](#)

For the US settlement date, this note follows the judicial body at SCR 945 (19 December 1963), which differs from the editorial headnote. The UK trust-character question was left academic on the findings of receipt.

STATUTORY SCOPE

Historical assessment years and Chapter XIX-A procedure as considered in the 1993 judgment. Current settlement availability, trust taxation, foreign-tax relief, statutory amendments and later treatment require independent verification.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive subsequent-treatment or current-law clearance is represented. The linked 2014 Gondal decision concerns separate assessment years and retained trust income; this note is confined to the 1993 decision and its findings of receipt.

[Related note: Commissioner of Wealth Tax, Rajkot v. Estate of Late HMM Vikramsinhji of Gondal](#)

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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