

P. K. Kutty Ahuja Raja & Another v. State of Kerala & Another

Civil Appeal No. 1998 of 1977

[1996] 1 SCR 1147 | 1996-02-01

Agricultural income-tax refund suit: limitation began when the High Court quashed the assessment; an unstayed State appeal did not suspend its running.

Limitation Act, 1963: section 3 and sections 4-24 | Kerala agricultural income-tax assessment and refund proceedings (the source does not identify the charging or assessment section)

2-judge bench | K. Ramaswamy, J. | G. B. Pattanaik, J.

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

Historical civil-suit limitation ruling

The judgment applies section 3 of the Limitation Act to the pleaded civil recovery suit on these facts. Verify the present remedy, limitation provision, appellate stay position and later authorities independently.

01 FACTS OF THE CASE

An agricultural income-tax assessment of Rs.84,788.78 covered the estate of Raja Manavikraman for the period from 1 November 1956 to 31 March 1958. Successors paid Rs.18,069.75 on 12 October 1960 and Rs.21,000 on 23 December 1960. At their instance, the Kerala High Court quashed the assessment on 1 January 1968 and confined the estate's liability to a 1/693 share. The State's appeal was later dismissed on 5 October 1971. The successors filed a civil recovery suit in 1974; the trial court decreed it, but the High Court held the suit barred because limitation had begun with the 1968 quashing order. They appealed to the Supreme Court, arguing that they discovered the mistake only when the State's appeal ended in 1971.

Source: [Assessment, payments and procedural history: SCR pp.1147-1148](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that the cause to seek recovery arose when the High Court quashed the assessment at the appellants' own instance on 1 January 1968. Once time began to run, it continued unless a court order or an applicable exclusion under sections 4-24 of the Limitation Act intervened. None was established. The mere pendency of the State's appeal did not suspend limitation because operation of the High Court judgment had not been stayed. The earlier *Sales Tax Officer v. Kanhaiya Lal* authority did not assist: these appellants were parties to the successful quashing proceeding and already knew the basis for refund, rather than first learning of the mistake through a later unrelated judgment.

Source: [Limitation reasoning and distinction: SCR pp.1148-1149](#)

03 JUDICIAL DECISION

Limitation began on 1 January 1968 and expired after three years; from 2 January 1971 the recovery right was barred. The unstayed State appeal did not extend that period. The Supreme Court affirmed the High Court, dismissed the successors' appeal and made no order as to costs.

Source: [Final limitation holding and dismissal: SCR p.1149](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the State of Kerala. The appellants' civil suit to recover the agricultural income-tax payments remained dismissed as time-barred. This was a final dismissal without remand and without costs.

Source: [Operative outcome: SCR p.1149](#)

05 AKHB REVIEW POINT

AKHB analysis: for a tax-refund recovery claim, identify the precise cause of action, the date on which the claimant obtained enforceable relief, the prescribed limitation provision and any judicial stay or statutory exclusion. Do not assume that an opponent's pending appeal stops time. Equally, do not treat this historical three-page ruling as a complete current refund-limitations guide: the remedy chosen, later authority and the applicable tax statute must be checked before reliance.

Source: [Trigger, exclusions and absence of stay: SCR pp.1148-1149](#)

SOURCE & VERIFICATION

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

Full three-page SCR report read. The editorial headnote on PDF page 1 was distinguished from the unnumbered Court order beginning on the same page.

[Open cited source rendition](#)

Exact source bytes, SHA256 and three-page count match catalogue asset 1996_1_1147_1149. All pages were read.

The parties, 1 February 1996 date, two-judge bench, Civil Appeal No. 1998 of 1977 and [1996] 1 SCR 1147 citation were verified from the report.

The source order has no numbered paragraphs; SCR and physical PDF page pinpoints are used.

The report states that the relevant earlier High Court order was made on 1 January 1968, the State's appeal was dismissed on 5 October 1971, and the civil suit was filed in 1974.

A prior scope record flagged possible later-treatment concerns. No current-law proposition or continuing precedential clearance is asserted.

STATUTORY SCOPE

This decision concerns a civil refund suit following the quashing of a historical Kerala agricultural income-tax assessment. It does not certify the current limitation rule for statutory income-tax refunds, writ remedies or other causes of action.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive later treatment has not been checked. In particular, this note does not determine the effect of later Supreme Court authority on limitation during an appeal or on mistake-of-law refund claims. No current-law or citator clearance is represented.

AI DISCLOSURE

AI-assisted research. The AKBH Review Point is editorial analysis, not part of the Court's judgment.

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