

Commissioner of Wealth Tax, Lucknow v. Raja Vishwanath Pratap Singh

Civil Appeals Nos. 1364-1368 of 1974

[1996] 3 SCR 1150 | 1996-04-03

Wealth-tax debt deduction: inherited-estate liability is not a personal debt against separate securities.

Wealth-tax Act, 1957: sections 2(m), 17 and 27 | U.P. Encumbered Estates Act, 1934: section 4

2-judge bench | J. S. Verma, J. | Suhas C. Sen, J.

Assessment years: 1957-58, 1958-59, 1959-60, 1960-61, 1961-62

Identify whose debt and which property

The result concerns securities already held unavailable for execution of the deceased father's debts; it is not a general prohibition on deductions for all inherited-estate liabilities.

01 FACTS OF THE CASE

The assessee's father sought liquidation of his debts under the U.P. Encumbered Estates Act and died while proceedings were pending. The assessee was substituted as legal representative. The Court of Wards invested savings from estate income in Government securities, whose interest the assessee collected. Creditors obtained decrees exceeding Rs. 30 lakh, but an earlier court order, affirmed by the High Court, prevented execution against these securities. Revenue consequently reopened the first three wealth-tax years and denied deduction of the decretal liability; the two following years were similarly assessed.

Source: [SCR pp. 1152-1154](#) / [PDF pp. 3-5](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished a presently existing liability payable in future from a liability that the assessee did not personally owe at all. Kesoram's treatment of an ascertainable tax debt did not establish a personal obligation here. The assessee had successfully resisted execution against his securities and could not then deduct the father's decretal dues as debts personally payable by him. The pious-obligation point had been abandoned before the Tribunal; in any event, the obligation discussed was limited to inherited property, and these securities were not available to the creditors under the earlier binding adjudication.

Source: [SCR pp. 1155-1157](#) / [PDF pp. 6-8](#)

03 JUDICIAL DECISION

Both referred questions were answered in the affirmative and for Revenue: the refusal to deduct the debts was upheld, and section 17 was applicable to AYs 1957-58 to 1959-60. The appeals were allowed, with each party bearing its own costs.

Source: [SCR p. 1157 / PDF p. 8](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded on the debt deduction and the related reopening question. The result rests on the absence of an enforceable personal debt against the assessee's identified securities in these facts.

Source: [SCR pp. 1156-1157 / PDF pp. 7-8](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish substitution as legal representative from personal liability. Reconcile a proposed debt deduction with the decree, execution findings, ownership of each asset and the valuation date. Arguments used to protect a separate asset from creditors may contradict an assertion that the same liability is personally deductible. Check the applicable historical statutory text and subsequent succession legislation before extending this ruling.

Source: [AKHB analysis based on SCR pp. 1153-1157 / PDF pp. 4-8](#)

SOURCE & VERIFICATION

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Full 8-page SCR report read, separating editorial headnote from judicial reasoning.

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Full source read; unnumbered judicial text is cited by SCR and PDF pages. Exact original bytes match the catalogue SHA-256.

The judicial text variously records the securities at Rs. 6,87,000 and Rs. 6,78,000. The note does not resolve this printed discrepancy or rely on a single reconciled valuation amount.

STATUTORY SCOPE

This is a historical wealth-tax decision for AYs 1957-58 to 1961-62. The discussion of a son's pious obligation reflects the law considered in that litigation; subsequent statutory changes and present succession liabilities are not determined.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment has not been verified; no current citator clearance is represented.

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