

Tatavarthi Rajah and Another v. Commissioner of Wealth Tax, Hyderabad

Civil Appeals Nos. 5957-5959 of 1983

[1997] 3 SCR 607 | 1997-04-04

Historical HUF wealth tax: section 20 requires partition in definite portions even where Hindu-law severance preceded commencement of the Wealth-tax Act.

Wealth-tax Act, 1957: sections 20 and 5(1)(ii) | Indian Income-tax Act, 1922: section 25A; Income-tax Act, 1961: section 171 (analogous partition provisions)

2-judge bench | S. C. Agrawal, J. | G. B. Pattanaik, J.

Assessment years: 1958-59, 1959-60, 1960-61

Tax partition differs from severance in status

For the section 20 issue decided here, an assertion of Hindu-law severance did not substitute for the statutory inquiry into partition of the joint property as a whole in definite portions.

Historical assessment scope

The judgment addresses AYs 1958-59 to 1960-61. It does not establish current-law treatment of every family arrangement, partial partition or later transaction.

01 FACTS OF THE CASE

A family member gave notice of separation in October 1950 and brought a partition suit in April 1954. A preliminary decree followed on 1 April 1956 and the final decree on 16 March 1961. For AYs 1958-59, 1959-60 and 1960-61, returns described a three-member HUF, but the Wealth Tax Officer assessed a four-member HUF because the property had not been partitioned by metes and bounds. Before the Tribunal the assessee additionally argued that severance before the Wealth-tax Act commenced meant that no such HUF existed on the valuation dates. The Tribunal cancelled the assessments and remitted that issue. The Andhra Pradesh High Court answered the reference against the assessee, prompting these appeals.

Source: [SCR pp. 609-611](#) / [PDF pp. 3-5](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 20 required the officer, after inquiry, to be satisfied that the joint property had been partitioned as a whole among members or groups in definite portions. The Court distinguished the declaration sufficient for severance under Hindu law from the additional fiscal requirement for recognising partition. The provision sought to prevent a gap in which neither the family nor its members could be assessed on the joint property. Its language did not confine it to severance after commencement of the Act or to families previously assessed. Approving the Gujarat High Court's reasoning in *Goswami Brijratanlalji Maharaj* and rejecting the contrary Calcutta view in *Sri Srilal Bagri*, the Court held that mere division in status did not identify which property belonged to which member. The section 20 inquiry therefore applied even where the asserted severance predated the Act.

Source: [SCR pp. 612-616 / PDF pp. 6-10](#)

03 JUDICIAL DECISION

The Supreme Court agreed with the High Court's interpretation of section 20 and dismissed the assessee's appeals as without merit. It made no order as to costs. The High Court's answer that cancellation of the three assessments was unjustified remained undisturbed.

Source: [SCR pp. 615-616 / PDF pp. 9-10](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on the statutory partition issue. The assessee could not defeat the HUF assessments merely by relying on severance in status before the Act commenced. The Supreme Court did not grant a new remand or finally recognise the asserted partition; the remand recounted in the facts was the Tribunal's earlier order.

Source: [SCR pp. 615-616 / PDF pp. 9-10](#)

05 AKHB REVIEW POINT

AKHB analysis: for a historical HUF wealth-tax dispute, prepare a chronology of notice, suit, decrees, actual allotment, possession and valuation dates. Retain the partition instruments and the assessing officer's inquiry and findings. A severance notice or preliminary decree should not be treated automatically as proof of the fiscal partition required by section 20. Separately examine the law applicable to the actual tax and period before transferring this historical reasoning to another transaction; later-law clearance is outside this note.

Source: [AKHB analysis based on SCR pp. 612-616 / PDF pp. 6-10](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 10-page SCR report read; reporter headnote on PDF pages 1-3 distinguished from judicial text beginning on PDF page 3.

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Exact catalogue URL, SHA-256, date, title and 10-page count match the downloaded original; all pages were read.

The source contains no numbered judicial paragraphs; printed SCR and physical PDF page pinpoints are used. The Tribunal's earlier remand is distinguished from the Supreme Court's dismissal.

STATUTORY SCOPE

The decision concerns historical wealth-tax assessments for AYs 1958-59 to 1960-61 and the statutory partition inquiry under section 20. References to income-tax partition provisions are part of the reasoning, not a review of all later statutory amendments or every modern HUF transaction.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment and the presently applicable law have not been verified. No current citator clearance or human professional review is claimed.

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