

Mathew M. Thomas and Others v. Commissioner of Income Tax

Civil Appeal No. 1566 of 1993

[1999] 1 SCR 651 | 1999-02-16

Whether the relief in CBDT Circular 455 applied to acquisition proceedings still pending on appeal, despite completion of the competent authority's original order.

119 | 269C | 269D | 269G | 269H | 269I | 269RR | 269UD (legislative background)

Two-judge bench | D.P. Wadhwa, J. | M. Srinivasan, J.

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

Historical acquisition circular; pending appeals included, final cases excluded

The circular reached appeals within acquisition proceedings not yet final under section 269I. This does not reopen final cases or create a modern property-value exemption. The source conflicts between 16 September and 16 May 1986 and uses different threshold wording for initiation and pending proceedings; the actual consideration here was Rs 2,45,000. No independent valuation or later High Court outcome was decided. Comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The appellants bought land and buildings in 1977 for Rs 2,45,000. The Inspector valued the property at Rs 3,24,000 and the DVO later at Rs 7,24,000. An acquisition order was made on 31 March 1981, but the Tribunal allowed the purchasers' appeal and cancelled the proceedings. Revenue appealed under section 269H (physical page 3).

During that appeal, the legislative transition from Chapter XX-A to XX-C and Circular 455 introduced relief for the stated low-apparent-consideration acquisitions. The Kerala Full Bench held the circular unavailable because the competent authority had already passed its order. It returned the matter to the Division Bench without answering the broader question referred to it; the purchasers challenged that ruling (physical pages 4–5).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The circular aimed at early finalisation of the older acquisition litigation. Its reference to initiation by section 269D notice did not confine relief to the original authority's stage. Appeals were continuations of the same acquisition proceeding; until the statutory finality point was reached, the proceeding retained that character (paragraphs 7–8, physical page 6).

The Court agreed with the High Court authorities that applied this beneficial direction to pending appeals and with the duty of tax authorities to follow the applicable Board direction. It rejected the Kerala Full Bench's narrow stage restriction. The issue was applicability of this circular within the historic scheme, not an unlimited Board power to override every Act provision (paragraphs 9–14, physical pages 6–8).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The appeal was allowed without costs. Circular 455 was held applicable to all pending proceedings that had not attained finality within section 269I and its Explanation. The Court did not quantify a refund, independently determine the property's fair market value or supply a later outcome of the remaining High Court proceeding (paragraph 14, physical page 8).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Purchaser appellants on circular applicability

Appeal allowed; pending appellate proceedings included; no costs

Final ruling on the historical circular's procedural reach

Not a reopening of cases already final, a modern Rs 5 lakh property exemption, or a determination of all valuation/acquisition merits.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

For an old acquisition case, distinguish apparent consideration from departmental valuation and determine whether proceedings had actually attained statutory finality. An appellate stage was not a reason to deny this relief. Keep the two limbs of the quoted circular distinct: no fresh initiation for the stated ceiling and dropping of initiated proceedings for the stated lower amount. The present Rs 2,45,000 transaction did not require the Court to resolve treatment of a transaction exactly at Rs 5 lakh.

All amounts, procedural sections and dates belong to the historical Chapter XX-A transition. They are not current conveyancing thresholds. The report's inconsistent circular dates should remain visible; the operative paragraph uses 16 May 1986, whereas the introduction and headnote use 16 September 1986. No unqualified date is imposed across those passages.

Source: See the proposition-specific paragraph and PDF-page references below.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, property consideration, differing valuations and procedural history

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Quoted circular, distinct thresholds and limited issue

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Paragraphs 2–6

Source role: judicial text

3.

Topic: Appeal as continuing proceeding and beneficial direction

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: Paragraphs 7–11

Source role: judicial text

4.

Topic: Finality condition, operative date and allowance

Source url: [Open cited source](#)

Pdf pages: 8

Paragraphs: Paragraphs 12–14

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

M. Srinivasan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 8 PDF pages; SHA-256

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Complete judicial paragraphs 1–14, physical pages 3–8/SCR 653–658; historical circular quotation and attributed earlier decisions distinguished.

Open cited source rendition

Circular 455 is repeatedly dated 16 September 1986 in the report but dated 16 May 1986 in operative paragraph 14. Both original passages are preserved.; The quoted circular distinguishes apparent consideration of Rs 5 lakh or less for non-initiation from below Rs 5 lakh for dropping initiated proceedings. The note does not silently resolve the exact-threshold question.; The legislative overview on page 5 prints a Rs 25 lakh historical Chapter XX-A threshold. That amount is not adopted as a separately verified statutory threshold or used to reconstruct this acquisition.; The introduction says the appellants filed an appeal by order dated 31 October 1981; the context identifies that date with the Tribunal's successful disposition, not a verified filing date.; The Court's final order decides circular applicability. Earlier cases' amounts and orders quoted in support are not the present property's facts.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 8

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