

Ram Bai v. Commissioner of Income Tax

Civil Appeal No. 4911 of 1993

[1999] 1 SCR 760 | 1999-02-18

Whether the recorded assertion that acquired land was non-agricultural, without supporting material, justified the historical reopening and whether the High Court could supply assumed factual support.

139(4) (historical) | 147(a) (historical) | 148 | 256(1)

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

Assessment years: 1965-66

Recorded material and confined reference; no broad land exemption

The reopening failed on its recorded evidentiary basis and the sole validity question referred. The later wealth-tax decision did not cure that defect. Interest was mentioned in the sanction note, but the alternative legal argument was not advanced below. The source contains differing compensation figures and a Rs 1 subtraction discrepancy. The Court did not decide a current land-exemption or compensation-interest rule; later treatment remains unverified.

01 FACTS OF THE CASE

The appellant's Nacharam land was compulsorily acquired. The report describes an initial award of Rs 25,240 and enhanced compensation of Rs 2,72,136 including solatium and interest, affirmed in 1970. She filed a return on 17 February 1972 disclosing interest on delayed compensation; the ITO rejected it as out of time and initiated reopening for AY 1965-66 (physical page 4).

The ITO's 17 March 1973 sanction request asserted that the land had not been used agriculturally and that capital gains escaped tax. CIT(A) cancelled the reassessment and the Tribunal agreed because no material supported that assertion. The Tribunal referred only the recast validity question, refusing the two separately sought land-related questions. The High Court nevertheless answered for Revenue (physical pages 5–6).

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

02 DISCUSSION BY THE HON'BLE COURT

A bare assertion was not supporting material. The appellate authorities had identified facts supporting agricultural character, and the ITO needed material to the contrary before forming the stated reopening belief. The High Court could not ignore the Tribunal's findings or assume the ITO had examined revenue records when the record disclosed no such basis (paragraphs 7 and 9–11, physical pages 6–8).

At the time of reopening, the Andhra Pradesh Full Bench decision governed the ITO, even though the Supreme Court later reversed that decision in a wealth-tax case. That subsequent ruling did not supply the missing contemporaneous basis here. Revenue's alternative argument that accrued interest independently justified reopening had not been advanced before the authorities or High Court and did not save this case. The Court did not decide the general tax treatment of all compensation interest (paragraphs 8 and 12, physical pages 7–8).

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

03 JUDICIAL DECISION

The assessee's appeal was allowed without costs. The High Court judgment was set aside and the sole referred validity question answered affirmatively for the assessee, sustaining the conclusion that the challenged reassessment was invalid (paragraph 13, physical page 8).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Appeal allowed; reassessment-validity reference answered for assessee; no costs

Final on the identified historical reopening

Not a current agricultural-land exemption test, final adjudication of every compensation component, or a general prohibition on later authorities affecting other cases.

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

05 AKHB REVIEW POINT

Read the recorded reasons and the material actually available, not a reconstructed justification. The validity reference did not give the High Court an unrestricted fact appeal or authority to assume supporting records. Keep the issue admitted or referred separate from other questions refused by the Tribunal.

The source's sanction note itself mentions interest, but the Supreme Court says the alternative interest-based argument was not advanced below. That distinction matters: the note does not say interest was never mentioned anywhere. This historical result is not a present reassessment checklist or an automatic exemption for all land or acquisition receipts.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, compensation history, tax year and selected reference

Source url: [Open cited source](#)

Pdf pages: 1; 4; 5

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Actual sanction note and missing supporting material

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: Paragraphs 5–7

Source role: judicial text

3.

Topic: Binding-law context and distinguished later wealth-tax ruling

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: Paragraphs 8–9

Source role: judicial text

4.

Topic: Reference limits, unraised alternative argument and final result

Source url: [Open cited source](#)

Pdf pages: 8

Paragraphs: Paragraphs 10–13

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

2a04f8f7e62d0125acfc96356a1ff28637a1240fc87ae0631c4e60bb014f5132. Original bytes preserved.

Complete judicial paragraphs 1–13, physical pages 4–8/SCR 763–767; earlier editorial summary and quoted reasons distinguished.

Open cited source rendition

Only one recast reference question was before the High Court. Alleged separate references concerning the other questions were not identified; their outcomes are not invented.; The opening compensation narrative and the quoted sanction note use different sums and dates. The note preserves the narrative as stated and does not reconcile component amounts or calculate a capital gain.; The sanction note prints compensation of Rs 2,10,361, estimated cost Rs 16,500 and gain Rs 1,93,860; those figures differ by Rs 1 on subtraction. No correction is made to the court source.; The quoted note expressly mentions protective interest inclusion, while paragraph 12 rejects a newly advanced legal argument based on interest. This is not described as an absence of every interest reference.; The headnote compresses the High Court process as an appeal; the judicial text identifies reference jurisdiction. Section 147(1) appears in some printed passages although the case is framed under historical section 147(a).

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

SHA-256: 2a04f8f7e62d0125acfc96356a1ff28637a1240fc87ae0631c4e60bb014f5132

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.