

Mr. Justice Deoki Nandan Agarwala v. Union of India and Anr.

Civil Appeal No. 411 of 1982

[1999] 2 SCR 1074 | 1999-05-04

Judicial salaries: constitutional remuneration taxable under the salaries head.

Constitution: Articles 125 and 221; Seventh Schedule List I entry 82 | Income-tax Act, 1961: section 14

5-judge Constitution Bench | S. P. Bharucha, J. | B. N. Kirpal, J. | S. Rajendra Babu, J. | S. S. Mohammed Quadri, J. | M. B. Shah, J.

Assessment years: 1978-79

Two referred questions were not answered

The Court decided taxability and the salary head. The purchasing-power question no longer survived following withdrawal of the related writ petition, and the Court declined to answer the dearness-allowance question in the circumstances.

01 FACTS OF THE CASE

An Allahabad High Court judge filed his return for AY 1978-79 claiming that judicial salary was not taxable. The Income-tax Officer and appellate authority rejected that contention. After leave was granted, four questions were referred to a Constitution Bench. At final hearing, argument focused on taxability before 1 April 1986 and whether the receipts could be taxed under the salaries head despite the absence of an employer.

Source: [SCR pp. 1075-1076](#) / [PDF pp. 2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished legislative control over judicial salaries from taxation of income. A restriction on Parliament altering salaries before the constitutional amendments did not exempt those salaries from income tax. Judges are constitutional functionaries without an employer, but Articles 125 and 221 expressly describe their receipts as salaries. Absence of an employer did not convert that constitutionally designated salary into a non-salary receipt for this purpose.

Source: [SCR pp. 1076-1077](#) / [PDF pp. 3-4](#)

03 JUDICIAL DECISION

The appeal was dismissed. The Court upheld taxability of High Court and Supreme Court judges' salaries and their treatment under the salaries head. The purchasing-power question did not survive, and the dearness-allowance question was not answered; no separate costs direction appears in the operative text.

Source: [SCR pp. 1076-1077 / PDF pp. 3-4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue on the taxability and classification issues actually decided. The judgment does not adjudicate the withdrawn purchasing-power claim or the unanswered dearness-allowance question.

Source: [SCR pp. 1076-1077 / PDF pp. 3-4](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the constitutional and statutory character of the particular payment before applying general employment tests. Keep the power to fix remuneration separate from the power to tax income. Do not infer an income-tax exemption from judicial independence or extend this classification automatically to every constitutional office or allowance.

Source: [AKHB analysis based on SCR pp. 1076-1077 / PDF pp. 3-4](#)

SOURCE & VERIFICATION

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

Four-page SCR scan; judicial judgment begins on PDF page 2. Direct income-tax merits determination by a five-judge Constitution Bench, not a service-condition-only dispute.

[Open cited source rendition](#)

Full judicial text and operative relief read. Original bytes match the SHA-256 in the supplied source reconciliation.

STATUTORY SCOPE

Apply the historical statutory text governing the decision. Current statutory applicability and Income-tax Act, 2025 equivalence have not been verified.

LATER TREATMENT

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

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.

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