

Commissioner of Income Tax, Ludhiana v. Om Prakash

Civil Appeal No. 4234/1983 and connected proceedings (full list below)

[1999] 3 SCR 1186 | 1999-07-27

Whether “any individual” and “such individual” in section 64(1)(i) and (ii), as they stood before 1 April 1976, included a karta participating in a partnership for the HUF, permitting clubbing of the spouse’s or minor child’s partnership income.

64(1)(i) and (ii), as they stood before 1 April 1976 | 2(7) | 2(31) | 4 | 256(1)

Five-judge bench | S.P. Bharucha, J. | B.N. Kirpal, J. | S. Rajendra Babu, J. | S.S.M. Quadri, J. | M.B. Shah, J.

Assessment years: 1973-74

Expressly pre-1 April 1976; preserve every disposition

This five-judge decision interprets the historical section 64(1)(i) and (ii), not later clubbing provisions. AY 1973-74 and full facts are stated only for the lead appeal. Revenue’s appeals were dismissed, the listed assessee appeals allowed, and T.R.C. No. 1/1983 allowed with no costs order. The source leaves one new appeal number blank and has editorial statutory/procedural errors; the earlier two-judge decision had been recalled. No missing connected-case facts, present rule or 2025 mapping is inferred; later treatment remains unverified.

01 FACTS OF THE CASE

For the lead case, AY 1973-74, Om Prakash participated in Rockman Cycle Industries, Ludhiana, as karta of an HUF; his two minor children were admitted to partnership benefits. The dispute also concerned their income from Munjal Gases, Ludhiana. The ITO clubbed the minors’ shares in his total income, and the first appellate authority upheld that treatment. The Tribunal disagreed, and the Punjab and Haryana High Court answered Revenue’s reference in favour of the assessee (physical page 5/SCR 1190).

A two-judge Supreme Court decision reported at (1996) 217 ITR 785 had initially upheld that answer, but was set aside on review. A three-judge decision had meanwhile approved its view, leading to a larger-bench reference of this and connected matters. This five-judge judgment addresses the common question under the version of section 64 expressly confined to the period before 1 April 1976; lead-case facts are not supplied for every connected appeal (physical pages 4–6).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished a partner's personal capacity in dealings within the firm from his representative capacity as karta for the HUF's income-tax assessment. HUF income is not the karta's own individual income. Treating the karta as the "individual" for these clauses would, in effect, bring the spouse's or minors' shares into the HUF income, although the provisions concerned computation of an individual's total income (physical pages 9–10/SCR 1194–1195).

The terms "person" and "assessee" were broader than "individual"; section 2(31) separately listed an individual and an HUF. Parliament had chosen the narrower expression in this statutory setting. The anti-evasion purpose could not justify judicially extending the text to an HUF through its karta. The Court nevertheless recognised that the historical clauses could also catch genuine partnerships within their terms; the decision does not depend on proving sham transactions (physical pages 11–12/SCR 1196–1197).

The discussion of section 16(3) of the 1922 Act traced the legislative background. The Court noted that the 1961 Act's use of "spouse" covered both males and females. It approved the High Courts taking the restricted reading and overruled the contrary views of the Allahabad, Madras, Madhya Pradesh and Orissa High Courts on this question. Those are treatments made within this judgment, not an independent survey of later treatment (physical pages 7–12).

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

03 JUDICIAL DECISION

The lead reference question was answered affirmatively, for the assessee and against Revenue. Revenue's Civil Appeals Nos. 4234/1983, 2979–2981/1989, 10629–10631/1995, 2900/1980, 2287/1980, 2335–2341(NT)/1991, 968–970(NT)/1991, 1222(NT)/1987, 1222–1223/1986, 11553–11554/1995, 1217–1219/1986, 37/1988 and 2435–2439(NT)/1995, plus the appeal arising from SLP(C) No. 1608/1980 after leave was granted, were dismissed. The assessee's Civil Appeals Nos. 309–311(NT)/1985, 654–655(NT)/1985 and 650–652(NT)/1987 were allowed, the Madras High Court orders set aside, and their referred questions answered for the assessee (physical pages 4 and 12/SCR 1189 and 1197).

T.R.C. No. 1/1983 was separately allowed. The Court took the quoted question concerning the wife's share income from Madurai Mahalakshmi Agencies as referred and answered it affirmatively for the assessee. The quoted question describes an individual assessment, but no further facts for that matter are given. There was no order as to costs in the combined matters (physical page 13/SCR 1198).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on the common historical section 64 interpretation

Enumerated Revenue appeals dismissed; enumerated assessee appeals allowed with Madras orders set aside; T.R.C. No. 1/1983 allowed and its question answered for the assessee; no costs order

Five-judge final resolution of the common pre-1 April 1976 statutory question

No automatic application to amended clubbing provisions, all HUF arrangements, a karta's separate personal-capacity partnership, or years and facts not identified in the judgment.

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

05 AKHB REVIEW POINT

Start with the assessment year and the exact version of the clubbing provision. For these historical clauses, document whose capital or partnership interest was represented, the karta's capacity and whose income was being assessed. The decision's distinction between a person's role within a firm and the tax identity of the income recipient is essential; the word "karta" alone does not answer a different statutory question.

Keep the recalled two-judge judgment distinct from this five-judge decision. Preserve the mixed procedural dispositions rather than labelling the whole batch simply "appeal dismissed." The T.R.C. question's individual-assessment wording is part of the source; its absent factual history should not be reconstructed or used to erase the express pre-1976 boundary.

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

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 4234/1983 / Civil Appeal Nos. 2979–2981/1989 / Civil Appeal Nos. 10629–10631/1995 / Civil Appeal No. 2900/1980 / Civil Appeal No. 2287/1980 / Civil Appeal Nos. 2335–2341(NT)/1991 / Civil Appeal Nos. 968–970(NT)/1991 / Civil Appeal No. 1222(NT)/1987 / Civil Appeal Nos. 1222–1223/1986 / Civil Appeal Nos. 11553–11554/1995 / Civil Appeal Nos. 1217–1219/1986 / Civil Appeal No. 37/1988 / Civil Appeal Nos. 2435–2439(NT)/1995 / Civil Appeal arising from SLP(C) No. 1608/1980 (1999 appeal number blank in source) / Civil Appeal Nos. 309–311(NT)/1985 / Civil Appeal Nos. 654–655(NT)/1985 / Civil Appeal Nos. 650–652(NT)/1987 / T.R.C. No. 1/1983

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, five judges, grant of leave, statutory boundary, lead year and reviewed-judgment history

Source url: [Open cited source](#)

Pdf pages: 1; 4; 5

Paragraphs: No numbered paragraphs; physical PDF pages and source role identify the bounded passage

Source role: reported metadata and judicial text

2.

Topic: Pre-1976 clauses; 1922 Act precursor and spouse terminology

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: No numbered paragraphs; physical PDF pages and source role identify the bounded passage

Source role: judicial text

3.

Topic: Partner's personal capacity contrasted with HUF representative income

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: No numbered paragraphs; physical PDF pages and source role identify the bounded passage

Source role: judicial text

4.

Topic: Distinct tax entities, statutory wording and approval/overruling of the rival views

Source url: [Open cited source](#)

Pdf pages: 11; 12

Paragraphs: No numbered paragraphs; physical PDF pages and source role identify the bounded passage

Source role: judicial text

5.

Topic: Complete appeal groups, separate T.R.C. answer and no costs order

Source url: [Open cited source](#)

Pdf pages: 12; 13

Paragraphs: No numbered paragraphs; physical PDF pages and source role identify the bounded passage

Source role: judicial text

6.

Topic: Editorial errors compared with judicial statutory reference, procedure and T.R.C. designation

Source url: [Open cited source](#)

Pdf pages: 2; 5; 7; 13

Paragraphs: No numbered paragraphs; physical PDF pages and source role identify the bounded passage

Source role: reported editorial and judicial comparison

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.S.M. Quadri, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

INDIVIDUAL APPEAL DISPOSITIONS AND SOURCE PAGES

1.

Case numbers: Civil Appeal No. 4234/1983; Civil Appeal Nos. 2979–2981/1989; Civil Appeal Nos. 10629–10631/1995; Civil Appeal No. 2900/1980; Civil Appeal No. 2287/1980; Civil Appeal Nos. 2335–2341(NT)/1991; Civil Appeal Nos. 968–970(NT)/1991; Civil Appeal No. 1222(NT)/1987; Civil Appeal Nos. 1222–1223/1986; Civil Appeal Nos. 11553–11554/1995; Civil Appeal Nos. 1217–1219/1986; Civil Appeal No. 37/1988; Civil Appeal Nos. 2435–2439(NT)/1995; Civil Appeal arising from SLP(C) No. 1608/1980 (1999 appeal number blank in source)

Party: Revenue

Result: Dismissed

Source pdf pages: 12

Note: Leave in SLP(C) No. 1608/1980 was granted on physical page 4; its resulting appeal number is not filled in the printed disposition.

2.

Case numbers: Civil Appeal Nos. 309–311(NT)/1985; Civil Appeal Nos. 654–655(NT)/1985; Civil Appeal Nos. 650–652(NT)/1987

Party: Assesseees

Result: Allowed; Madras High Court orders set aside and referred questions answered in favour of assesseees

Source pdf pages: 12

3.

Case numbers: T.R.C. No. 1/1983

Party: Party designation not independently supplied in the bounded source

Result: Allowed; quoted referred question concerning wife's share income answered affirmatively for the assessee

Source pdf pages: 13

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 13 PDF pages; SHA-256

2050ad1c22ef66a8e35643649c5f55fb5092d740dec59e1e870b87e0a356ec51. Original bytes preserved.

Complete judicial text from physical page 4/SCR 1189, beginning with grant of leave in SLP(C) No. 1608/1980, through physical page 13/SCR 1198. Earlier headnotes and the reporter's end-label are distinguished.

Complete judicial decision on the specified historical 1961 Act issues; no subsequent-treatment or independent current-statute review.

Open cited source rendition

The judicial text repeatedly limits the issue to section 64(1)(i) and (ii) as they stood before 1 April 1976. Later amended provisions are not independently examined.; The headnote at physical page 2 mislabels the precursor as section 64(3)(a) of the 1922 Act; the judicial body at page 7 correctly identifies section 16(3)(a)(i) and (ii).; The headnote describes the High Court as allowing an appeal; the judicial history at page 5 records an answer to a section 256(1) reference. The note follows the latter.; The earlier two-judge Om Prakash judgment was set aside on review according to page 5. The headnote's "affirmed" label must not imply that the recalled decision continued as the operative judgment.; The final judicial text says T.R.C. No. 1/83, while the reporter's concluding label says T.P.C. No. 1/83. The visually checked judicial text controls. The new appeal number arising from SLP(C) No. 1608/80 is blank in the source.; Only the lead AY 1973-74 and lead facts are given. Individual years, monetary amounts and detailed histories of the connected appeals are not invented.; The source's T.R.C. question expressly describes the assessee as assessed in individual status. It is reproduced in substance as the Court's specific answer, without inventing the omitted representative-capacity facts.

AY 1973-74 is specified for the lead Civil Appeal No. 4234/1983. The individual assessment years and detailed facts of the other disposed appeals and T.R.C. are not supplied and are not inferred.

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. No subsequent judicial-treatment or later statutory-source check was performed for this note. Comprehensive later treatment remains unverified; no present-law certification or Income-tax Act, 2025 mapping is supplied.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 13](#)

SHA-256: 2050ad1c22ef66a8e35643649c5f55fb5092d740dec59e1e870b87e0a356ec51

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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