

K.R. Patel (Dead) through LRs. v. Commissioner of Income Tax

Civil Appeal No. 5649 of 1990

[1999] Supp. 2 SCR 44 | 1999-08-27

Whether, for AY 1964-65, income from the estate was assessable in the hands of the named executors under section 168 or as trustees under sections 160(1)(iv) and 161(1), having regard to the Will and the state of administration.

11(1) (exemption claim) | 160(1)(iv) | 161(1) | 168, particularly 168(3) | 256(1)

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

Assessment years: 1964-65

Will-specific executor assessment for the stated previous year

Executor treatment was sustained for AY 1964-65 because this Will's required administration had not ended during the stated previous year. Probate and public-trust registration were not automatic universal conversion points. The headnote's unlimited trustee-status wording is broader than the judicial answers, and a quoted section 160 explanation contains a 1981 date that is not certified for the assessed year. The appeal was dismissed with unquantified costs; no later exemption or present-law conclusion is supplied. Later treatment remains unverified.

01 FACTS OF THE CASE

Bhikubai Chandulal Jalundhwala executed her Will on 5 January 1962 and died on 8 January. K.R. Patel and B.G. Amin were appointed executors and trustees. The Will required payment of liabilities and specified legacies, transfer of specifically bequeathed immovables after probate, conversion of the other property and investments into cash, and use of the remaining money for the stated educational, medical and religious purposes. Clauses 11, 15, 16 and 20 governed the sequence (physical pages 5–6/SCR 48–49).

Probate was granted on 5 April 1963. Immovable transfers occurred in October 1963 and February 1964; all devised payments had been made by February 1964. The public-trust registration application was filed under protest on 19 June 1963 and registration followed on 29 December 1964. For AY 1964-65, whose stated previous year ended on 17 October 1963, the return was signed as executors, although trustee treatment and section 11(1) exemption were claimed. The ITO and first appellate authority rejected the claim, the Tribunal directed trustee assessment, and the High Court answered all three referred questions for Revenue (physical pages 6–8/SCR 49–51).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court examined the Will and statutory context rather than treating the description “executors and trustees” or grant of probate as an automatic change of capacity. Earlier decisions did not yield one fixed rule for when executorship ends and trusteeship begins: the terms of the Will and completion of the required administration were decisive. The discussion recognised that different wills and circumstances can produce different results (physical pages 12–17/SCR 55–60).

Here, the direction to turn the un-bequeathed property into cash before charitable use was significant. Reading clause 20 with the other clauses, the Court concluded that the residue would form the trust corpus only after the expenses were met, legatees paid and properties converted. The imposed functions did not end until February 1964, after the relevant previous year, so no trust had arisen under this Will during that period. Section 168(3) supported continuing executor assessment until distribution according to the beneficiaries’ interests (physical pages 11 and 17–18/SCR 54 and 60–61).

Public-trust registration was an important event, but it occurred after the close of the previous year; filing the application was not registration. The Bombay Public Trusts Act restrictions on dealing with trust property also informed the Court’s reading of the testator’s cash-conversion direction. This reasoning does not make registration alone the universal date of trust creation (physical pages 10–11).

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

03 JUDICIAL DECISION

The Supreme Court upheld the High Court’s decision and dismissed the assessee’s Civil Appeal No. 5649 of 1990 with costs. The upheld answers rejected holding the estate as trustees from death or probate and rejected trustee receipt/assessment for AY 1964–65, sustaining the section 168 executor treatment. The source gives no quantified costs order, tax computation or determination of a later year’s exemption (physical pages 7–8 and 18/SCR 50–51 and 61).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee appeal dismissed with costs; High Court’s answers upheld

Final on the stated Will and executor/trustee assessment question for AY 1964–65

Does not prescribe a universal probate, registration or debt-payment date for every testamentary trust; no later-year section 11 entitlement or present-law rule is determined.

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

05 AKHB REVIEW POINT

Build the administration timeline from the Will, estate accounts, asset-conversion steps, transfers and assent or distribution evidence. Distinguish the title given to an officeholder from the capacity in which the particular income was received during the relevant previous year. Probate, an application for registration and actual registration are separate events.

Do not treat this result as a rule that every executor must first discharge every obligation before any trusteeship can arise. The Court expressly made the inquiry will-specific. Equally, the charitable destination of an eventual residue does not by itself settle interim executor assessment. The extensive examples from other estates, and the quoted later-dated statutory explanation, must not be imported as this estate's facts or as verified law for AY 1964-65.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and opening of judicial decision

Source url: [Open cited source](#)

Pdf pages: 1; 4

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

Source role: reported metadata and judicial text

2.

Topic: Will clauses, probate, asset transfers, payments and registration application

Source url: [Open cited source](#)

Pdf pages: 5; 6

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

Source role: judicial text

3.

Topic: Relevant year, competing treatments, three High Court answers and precise tax question

Source url: [Open cited source](#)

Pdf pages: 7; 8

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

Source role: judicial text

4.

Topic: Quoted assessment provisions, including later-dated explanation and section 168

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10

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

Source role: judicial text

5.

Topic: Public-trust law context, application versus registration and cash-conversion direction

Source url: [Open cited source](#)

Pdf pages: 10; 11

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

Source role: judicial text

6.

Topic: Precedents examined as distinct cases; will-specific nature of transition

Source url: [Open cited source](#)

Pdf pages: 12; 13; 14; 15; 16; 17

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

Source role: judicial text

7.

Topic: Application to this Will, February 1964 timeline, section 168(3) and dismissal with costs

Source url: [Open cited source](#)

Pdf pages: 17; 18

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

Source role: judicial text

8.

Topic: Overbroad editorial trustee-status summary compared with bounded judicial answers

Source url: [Open cited source](#)

Pdf pages: 2; 7; 8; 18

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

D.P. Wadhwa, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

INDIVIDUAL APPEAL DISPOSITIONS AND SOURCE PAGES

1.

Case numbers: Civil Appeal No. 5649 of 1990

Party: Assessee

Result: Dismissed with costs; High Court decision upheld

Source pdf pages: 18

PREVIOUS YEAR IDENTIFIED IN THE JUDGMENT

20 October 1962 to 17 October 1963, as expressly stated in the judgment

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 18 PDF pages; SHA-256

5dd15bf34b1f8284b61c7b2abf13a4ff42da8e15fb6c6cfb94582eb30e911ad2. Original bytes preserved.

Complete judicial text from physical page 4/SCR 47 to physical page 18/SCR 61. Physical pages 1–4 include editorial headnotes; extended descriptions of earlier cases on pages 12–16 are not this estate's facts.

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

Open cited source rendition

The headnote on physical page 2 says the persons never held the properties as trustees "at any point of time." The quoted High Court answers on pages 7–8 address death/probate and AY 1964-65, and the Supreme Court's ending is tied to the administration timeline. The broader editorial wording is not adopted.; The statutory quotation on physical page 9 includes a section 160 explanation referring to 1 June 1981, although the assessed year is 1964-65. The note does not certify that every word of the quotation governed that historical year.; The source's discussion of Estate of V.L. Ethiraj on physical page 12 associates AY 1961-62 with section 168; this is a description of another case and its historical statutory fit is not independently verified. It is not used as this case's year or holding.; The source states registration on 29 December 1964 and completion of the imposed functions by February 1964; these separate events must not be collapsed into a universal registration-based commencement rule.; AY 1964-65 and the previous year 20 October 1962 to 17 October 1963 are explicit. No tax amount, exact post-administration commencement date for a later assessment, quantified costs or later charitable-exemption outcome is supplied.; Sections 176(4) and the 1922 Act provisions appear in accounts of other precedents. They are not independent holdings on this estate's professional receipts or a 1922 Act assessment.

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: 18

SHA-256: 5dd15bf34b1f8284b61c7b2abf13a4ff42da8e15fb6c6cfb94582eb30e911ad2

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