

Trustees of H.E.H. the Nizam's Supplemental Family Trust v. Commissioner of Income Tax

Civil Appeal No. 5395 of 1993

[2000] 1 SCR 863 | 2000-02-16

Whether an internal note finally disposed of a valid return accompanying a refund application, so that reassessment could proceed while the original return otherwise remained pending.

139 | 143(3) | 147 | 148 | 237 | 246(1)(k) (historical) | 249

Two-judge bench | D.P. Wadhwa, J. | Syed Shah Mohammed Quadri, J.

Assessment years: 1962-63

Pending valid return on this record; no quantified refund order

The reassessment failed because the valid original return had not been finally disposed of; the internal note was tentative. The Court did not award a quantified refund or decide capital gains afresh. The headnote reverses the AAC's result, and the body contains conflicting dates and section/file references. This historical judgment is not a current reassessment checklist or a universal rule for all refund requests. Costs are unquantified; later treatment remains unverified.

01 FACTS OF THE CASE

The trustees filed a return for AY 1962-63 on 2 April 1964 with a section 237 claim for refund of Rs 2,050.52 deducted at source. The ITO deferred the refund issue while related questions concerning the trust and beneficiaries were considered, and made an internal note dated 10 November 1965. No final rejection or completed disposal of that return was communicated (physical pages 4-5 and 8).

Following a later section 148 notice, the trustees filed a return on 3 July 1970 showing long-term capital gains of Rs 6,26,200, which the ITO accepted in the reassessment. They objected that the original return remained pending. The AAC and, by majority, the Tribunal accepted that objection; the High Court instead treated the internal note as a final disposal and upheld reassessment (physical pages 5-7).

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

02 DISCUSSION BY THE HON'BLE COURT

The parties did not dispute that the return accompanying the refund application was a valid return. Rule 41 and Form 30 did not make the return an empty formality: deciding whether tax already paid exceeded tax chargeable required examining the return and completing the relevant assessment exercise (physical pages 7–8 and 12–13).

The note was tentative. It contemplated consideration of the refund in other proceedings rather than finally rejecting it. The Court distinguished the earlier decisions cited by Revenue, where the particular proceedings had been concluded, and stressed communication in the context of the statutory appeal and limitation provisions. On this record the ITO had not terminated the original proceedings. Reassessment under sections 147/148 could not be taken while those proceedings on the valid return remained pending (physical pages 9–13).

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

03 JUDICIAL DECISION

The appeal was allowed with costs. The referred question was answered in the negative against Revenue, invalidating the challenged reassessment. The Court did not quantify costs or order a quantified refund of the original claim, and did not determine the capital-gains computation afresh (physical page 13).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee trustees

Appeal allowed with costs; challenged reassessment invalid

Final on the historical reassessment jurisdiction issue

Depends on a valid original return and lack of final disposal; not a rule that every refund request keeps an assessment pending or that every uncommunicated administrative act is void.

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

05 AKHB REVIEW POINT

Trace the return, statutory refund application and actual disposal order separately. A provisional file endorsement should not be assumed to close an assessment merely because it discusses the refund. Equally, this decision does not replace a factual examination of whether a final order was actually made or the particular statutory communication requirements.

Use the judicial body rather than the contradictory headnote. This was the historical reassessment framework and is not a present-day limitation or notice checklist. The source's date and section-number inconsistencies should not be converted into a reconstructed chronology or an independent refund entitlement.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, original return, refund claim and later assessment

Source url: [Open cited source](#)

Pdf pages: 1; 4; 5

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Actual AAC/Tribunal result and reference

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Internal note and distinguished prior decisions

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10; 11

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Refund-return significance, appeal provisions, absence of finality and operative result

Source url: [Open cited source](#)

Pdf pages: 12; 13

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

D.P. Wadhwa, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 13 PDF pages; SHA-256

6d4a1d9c72d6f390e18e7ae490b4abaa209adec6e2d730a9875e7e3c2ab27ccb. Original bytes preserved.

Complete judicial text physical pages 4–13/SCR 866–875, with headnote and attributed older precedents distinguished.

Open cited source rendition

The headnote says the AAC held reassessment valid, while the judicial narrative and Tribunal's quoted majority view say the AAC cancelled it. The body controls.; The referred-question quotation on page 6 gives 26 September 1984 as an earlier letter in a discussion of the November 1965 note. That printed chronology is not silently repaired.; The source varies between 16 July and 18 July 1970 for the later communication, and repeats the same assessment-year file reference in passages describing different files. No harmonised dates or file identities are invented.; The final page prints section 39 where the surrounding return discussion is expressly section 139. It also refers to an appeal under section 249; the preceding page states the appeal provision as historical section 246(1)(k), with section 249 governing limitation.; Older 1922 Act and agricultural-income-tax cases are discussed for their own disposal facts. Their statutory details and taxpayer facts are not attributed to this trust.

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: 13

SHA-256: 6d4a1d9c72d6f390e18e7ae490b4abaa209adec6e2d730a9875e7e3c2ab27ccb

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