

K. Ramullan v. Commissioner of Income Tax, Cochin

Civil Appeal Nos. 1659–1661 of 1997

[2000] Supp. 2 SCR 283 | 2000-08-09

Whether a Malaysian citizen staying in India with his resident spouse for medical treatment was a person resident outside India under the FERA definition incorporated into historical section 10(4A), and thus entitled to the NRE-interest exemption.

10(4A) (historical provision and Explanation)

Three-judge bench | S.P. Bharucha, J. | Syed Shah Mohammed Quadri, J. | N. Santosh Hegde, J.

Assessment years: 1983-84, 1984-85

Historical FERA-linked exemption; dated-stay tension must remain visible

The judgment applies historical section 10(4A) through FERA, not a general tax-residence or current NRE-interest rule. Its short-stay reasoning sits beside printed medical-stay dates of 13 June 1982–14 April 1985 without express reconciliation. All three appeals were allowed with no order as to costs, but only the section 10(4A) question is expressly answered; separate wealth-tax holdings or refund figures are not supplied. Comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The appellant, of Indian origin, had settled in Malaysia in 1941 and acquired Malaysian citizenship. His wife and children lived in India; he also held property and bank investments there. For AYs 1983-84 and 1984-85, he claimed the historical section 10(4A) exemption for interest on his Non-Resident (External) Account. The judicial narrative dates his stay with his wife for medical treatment from 13 June 1982 to 14 April 1985; this must be retained alongside, rather than replaced by, the report's characterisation of the stay as short (physical pages 1 and 3).

The assessing and first appellate authorities treated him as resident because he lived with his wife and children. The Tribunal accepted his non-resident status under FERA. The Kerala High Court's common order in ITR Nos. 109 and 113–114 of 1992 covered both income-tax and wealth-tax questions, but decided question 2 in ITR No. 109, concerning section 10(4A), as governing the others, and answered it for Revenue. Three appeals challenged that common order (physical pages 2–3).

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

02 DISCUSSION BY THE HON'BLE COURT

For the historical exemption, the Explanation to section 10(4A) incorporated the meaning of a person resident outside India in FERA section 2(q), which in turn depended on section 2(p). The relevant limb concerned a non-citizen coming to or staying in India to stay with a spouse resident in India. The Court addressed that incorporated definition, not a general residence computation under section 6 of the Income-tax Act (physical pages 4–5).

The Court read staying with a spouse as residence possessing some permanence, rather than a casual or short stay followed by an intended return abroad. It considered the employment, business and uncertain-duration purposes in the adjoining limbs and the purpose of an NRE account. Although Revenue relied on the length of the appellant's stay, the Court concluded that he was not resident in India for the relevant period and therefore was resident outside India under FERA section 2(q). The reasons do not expressly reconcile the dated stay of nearly three years with their short-stay language (physical pages 3–5).

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

03 JUDICIAL DECISION

The Court set aside the High Court's common order, answered question 2 in favour of the assessee and against Revenue, and allowed all three appeals, Nos. 1659–1661 of 1997. There was no order as to costs. The judgment does not reproduce or separately answer every other income-tax or wealth-tax question, identify additional assessment years, or quantify a refund (physical pages 2–3 and 5).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Three assessee appeals allowed; High Court common order set aside; no order as to costs

Final answer for the assessee on question 2 concerning historical section 10(4A) NRE-interest exemption

Applies the incorporated historical FERA definition on this record. It is not a general section 6 residence rule, a universal exemption for medical visits, or a verified statement of current NRE-interest law.

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

05 AKHB REVIEW POINT

Identify the statutory definition that the particular exemption actually adopts. Do not substitute a general tax-residence test for the historical FERA definition used here. Examine the purpose and intended permanence of the stay and the relevant evidence, while keeping the printed dates visible rather than reducing this record to a brief visit (physical pages 3–5).

The common order arose from mixed income-tax and wealth-tax references, but the Supreme Court's stated answer is to the section 10(4A) question. Preserve the allowance of all three appeals without inventing separate wealth-tax holdings, additional years, refund figures, or a present-day FERA/FEMA/Income-tax Act crosswalk.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, bench, editorial short-stay account and three-appeal caption

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Malaysian citizenship, assessment years, dated medical stay and mixed-tax reference history

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Revenue duration argument and historical section 10(4A)/FERA statutory framework

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Spousal-stay interpretation, non-resident conclusion, question 2 answer and all appeals allowed without costs

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Syed Shah Mohammed Quadri, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 5 PDF pages; SHA-256

867c5e87a43ebaa48f7b3b4f146960e9ceed9893d8b619f17c2d19650b9423cd. Original bytes preserved.

Complete unnumbered judicial text from physical page 2/SCR 284 (Syed Shah Mohammed Quadri, J.) through physical page 5/SCR 287; preceding editorial short-stay description is distinguished from the dated judicial narrative and operative reasoning.

Open cited source rendition

The headnote characterises the visit as short, and the judicial reasoning contrasts short or casual stays with residence; the judicial facts nevertheless print 13 June 1982 to 14 April 1985 and Revenue relied on its length. The source does not expressly reconcile this tension (physical pages 1 and 3–5).; Both income-tax and wealth-tax questions lay behind the High Court's common order. Only question 2 of ITR No. 109 of 1992 is reproduced and expressly answered; no separate wealth-tax merits reasoning or additional assessment years should be reconstructed (physical pages 3 and 5).; The reported judicial caption identifies three appeals, Nos. 1659–1661 of 1997, and the ending allows the appeals; singular wording in the editorial summary and single-appeal ingestion metadata do not narrow that disposition (physical pages 2 and 5).; The note concerns historical section 10(4A) with its FERA incorporation, not automatic mapping to another provision or present NRE-interest conditions. The judgment supplies no section 6 day-count ruling, interest amount or refund calculation.

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. No separate later-treatment comparison was performed for this note. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 5

SHA-256: 867c5e87a43ebaa48f7b3b4f146960e9ceed9893d8b619f17c2d19650b9423cd

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