

Controller of Estate Duty, Kerala v. Nalini V. Saraf

Civil Appeal No. 8247 of 2004 with Civil Appeal Nos. 1700 of 2006 and 5812 of 2005; SLP(C) Nos.16981,16985 and 9233 of 2006

[2009] 15 (Addl.) SCR 1143 | 2009-11-25

Estate duty: fact-specific goodwill multiplier and uncrystallised tax refunds.

Estate Duty Act: estate valuation; income-tax refund accrual (no section number specified in judgment)

2-judge bench | S. H. Kapadia, J. | H. L. Dattu, J.

Assessment years: Estate-duty valuation at death on 18 October 1984; income-tax assessment years not specified

Estate-duty facts; no universal goodwill multiplier

The Court accepted one year's purchase on the facts, not as a mandatory multiplier. The refund claim was still under adjudication at death; the ruling does not exclude a refund already crystallised merely because payment occurs later. Connected cases' individual facts are not supplied.

01 FACTS OF THE CASE

V.G.Saraf died on 18 October 1984. He was a partner in a firm conducting commission agency and tea exports, including exports to the USSR. The Assistant Controller used the super-profit method to value goodwill with a three-year purchase multiplier. The respondent disputed that multiplier and inclusion of an income-tax refund determined after death. The Tribunal and Kerala High Court accepted a one-year multiplier and excluded the uncrystallised refund. The Department appealed.

Source: [Paragraphs2-4; SCR pp.1144-1145 / PDF pp.2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

The valuation method itself was undisputed. Given uncongenial USSR market conditions and volatility in tea exports, the Tribunal's one-year multiplier was a factual conclusion warranting no interference. There is no fixed multiplier independent of business and market conditions. The Court also noted the distinction between a bank interest rate and return on capital employed. Separately, the refund had not crystallised at death: the claim was pending adjudication and was determined only afterwards, so it was not property available at death.

Source: [Paragraphs5-6; SCR pp.1145-1146 / PDF pp.3-4](#)

03 JUDICIAL DECISION

Civil Appeal No.8247 of 2004 was dismissed with no order as to costs. Delay was condoned in the connected matters, and Civil Appeal Nos.1700 of 2006 and 5812 of 2005 and SLP(C) Nos.16981,16985 and 9233 of 2006 were dismissed in view of the lead decision. No separate connected-case factual findings were stated.

Source: [Paragraphs7-9; SCR p.1146 / PDF p.4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the accountable person/respondent on the disputed estate valuation. The one-year goodwill multiplier and exclusion of the uncrystallised refund remained undisturbed. This is not a general income-tax refund ruling or a fixed valuation formula for other businesses.

Source: [Paragraphs5-9; SCR pp.1145-1146 / PDF pp.3-4](#)

05 AKHB REVIEW POINT

AKHB analysis: support goodwill assumptions with contemporaneous business risks and market evidence; distinguish the valuation method from its numerical inputs. For a refund or other claim, establish whether the right had crystallised at the valuation date rather than relying solely on its later payment date. Verify each connected case separately before attributing the lead facts to it.

Source: [AKHB analysis based on paragraphs3-9 / PDF pp.2-4](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Four-page SCR scan; complete judicial paragraphs 1-9 occupy PDF pages 2-4. Final page visually checked as SCR 1146; OCR incorrectly reads 1149. Connected disposals are included.

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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