

Kalyanji Mavji & Co. v. C.I.T., West Bengal-II

Civil Appeal No. 522 of 1971 — Assessee special-leave appeal from Calcutta High Court judgment of 26 April 1968 in I.T. Reference No. 50 of 1965; the question concerned competence of reassessment for AY 1956-57.

[1976] 2 SCR 966 | 1975-12-10

Reopening under section 34(1)(b) of the 1922 Act was valid because later assessment inquiries supplied fresh information concerning the claimed interest deduction. The broad oversight/mistake category was subsequently qualified by Indian and Eastern Newspaper Society; it cannot support reopening merely by reconsidering previously considered material (SCR 977-980; later-treatment qualification below).

Indian Income-tax Act, 1922 | 1922 Act: 34(1)(b) | 1922 Act: 66(1)

2-judge bench | K.K. Mathew, J. | S. Murtaza Fazal Ali, J.

Later treatment: confined disapproval

The oversight, inadvertence or mistake category at SCR 976 B-C was later disapproved insofar as it permits reconsideration of previously considered material alone. Indian and Eastern Newspaper Society [1980] 1 SCR 442, 451-452; A.L.A. Firm [1991] 1 SCR 624, 636-640. This is confined adverse treatment, not wholesale overruling.

01 FACTS OF THE CASE

For AY 1956-57 the firm claimed Rs.43,116 interest on borrowing said to serve its business. The original assessment allowed it. In later-year inquiries the officer found diversion to interest-free advances for partners' tax liabilities, and the firm supplied no evidence establishing business use. He reopened AY 1956-57 and added the interest. The Tribunal treated this as a change of opinion on the original balance sheet; the Calcutta High Court upheld jurisdiction (SCR 969-970).

Source: [SCR 966-980; physical PDF pages 1-15](#)

02 DISCUSSION BY THE HON'BLE COURT

Fazal Ali J. read the historical information requirement broadly, subject to reason to believe and information obtained after the original assessment. Judicial developments, external facts and information discovered by investigating existing records could qualify. The judgment also stated a broad oversight, inadvertence or mistake category; that formulation requires the later Supreme Court qualification stated below. On the actual facts, later findings and the firm's failure to substantiate business use supplied additional information. Unlike Bankipur Club, the relevant inference was not self-evident from fully considered material (SCR 973-979).

Source: [SCR 966-980; physical PDF pages 1-15](#)

03 JUDICIAL DECISION

The Court rejected the Tribunal's characterization of this reopening as a mere change of opinion. It expressly declined a definitive ruling on reopening solely through a changed opinion on the same material. It also left the asserted business justification for paying partners' taxes outside this appeal, noting the pending later-year assessments (SCR 979-980).

Source: [SCR 966-980; physical PDF pages 1-15](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue on reassessment jurisdiction The assessee's appeal was dismissed without an order for costs. The High Court's answer sustaining reassessment competence stood; no remand or independent determination of the underlying deduction merits was ordered (SCR 980). Reassessment jurisdiction decided; underlying deduction merits not independently decided No current-law or comprehensive later-treatment certification.

Source: [SCR 966-980; physical PDF pages 1-15](#)

05 AKHB REVIEW POINT

Identify the actual subsequent information and distinguish it from a fresh opinion on material already considered. Read the four-category statement with the confined IENS disapproval and A.L.A. Firm explanation. The historical statutory conditions and the separate Kelvinator comparison do not establish today's reopening power or a 2025 statutory equivalent.

Source: [SCR 966-980; physical PDF pages 1-15](#)

ASSESSMENT YEARS AND LIMITS

Years: 1956-57

Qualification: Only years material to the issues described are listed; different claims may cover different years as stated in the facts.

REPORTED CITATION

Supplied SCR report citation; no machine-generated neutral citation substituted.

STATUTORY CONTEXT

Indian Income-tax Act, 1922, section 34(1)(a) and earlier versions of section 34: historical comparison only.; Income-tax Act, 1961, section 147(a)-(b): historical successor reference in the main judgment; the operative provision remained 1922 section 34(1)(b).

SOURCE & VERIFICATION

Original reported Supreme Court judgment

Unchanged supplied SCR report; catalog identifies a CC-BY-4.0 public eSCR mirror. Not represented as a separately fetched official signed PDF. Headnote SCR 966-968; jurisdiction/counsel and sole Fazal Ali J. judgment begin SCR 968; reasons and dismissal end SCR 980. No adjacent judgment included.

Open cited source rendition

The headnote describes the appellant as both a company and a registered partnership firm; the reasons identify a registered partnership firm. SCR 969 prints Gujarati Diwali Year 2001 as corresponding to AY 1956-57; no corrected accounting year is inferred.

The headnote's references to previous years are broader than the reasons' specific reopening of AY 1956-57. AYs 1958-59 and 1959-60 supply subsequent facts and pending proceedings, not additional appeals decided here.

STATUTORY SCOPE

Indian Income-tax Act, 1922. The historical operative enactment is identified. Other enactment references are source context only unless expressly identified as operative; no 2025 mapping is asserted.

LATER TREATMENT

Source checked 2026-10-09. Bounded later-treatment verification: Indian and Eastern Newspaper Society (31 August 1979), [1980] 1 SCR 442 at 451 D-452 D, rejected the oversight, inadvertence or mistake proposition insofar as it allowed reopening through reconsideration of the same previously considered material. It held contrary observations in Kalyanji incorrect; it did not overrule the entire decision. A.L.A. Firm (21 February 1991), [1991] 1 SCR 624 at 636 F-640 E, explained that this objection concerned category (2), leaving the other three categories undoubted by IENS. Category (4) could encompass subsequently obtained information revealing an unconsidered factual or legal aspect, including from the existing record or legal research; it did not permit a bare change of opinion. A.L.A.'s own reopening rested on later awareness of the previously unconsidered Ramachari decision, not a finding that the officer had ignored all disclosed facts. For the different regime effective from 1 April 1989, Kelvinator (18 January 2010), [2010] 1 SCR 768 at 772-773, paragraph 6, retained the change-of-opinion safeguard and required tangible material with reasons linked to the belief of escaped income. That is an era-specific comparison, not direct adverse treatment of Kalyanji or certification of today's provisions. Only these selected primary passages and identity pages were checked; comprehensive later history, current statutory validity and any 2025 mapping remain unverified.

IDENTIFIED SOURCE LINKS

[Indian and Eastern Newspaper Society, New Delhi v. Commissioner of Income Tax, New Delhi - \[1980\] 1 SCR 442, 450-452 - PDF pages: 9-11](#)

Selected later-treatment and context passages; confined disapproval of the broad oversight category.

Unchanged retained SCR PDF; selected primary passages and identity image inspected for the expressly bounded later-treatment qualification.

SHA-256: 9fec570a477dd2b7061f504a98b3516cba6141fef120b8784a26b3eeef66bf0f

[A.L.A. Firm v. Commissioner of Income Tax, Madras - \[1991\] 1 SCR 624, 636-640 - PDF pages: 13-17](#)

Selected later-treatment passages distinguishing subsequently obtained information from a bare change of opinion.

Unchanged retained SCR PDF; selected primary passages and identity image inspected for the expressly bounded later-treatment qualification.

SHA-256: d7f4d905b72936e9e33c7f8175658f73b0c7d7c9b06a80aab6f8aa316570b1bc

[Commissioner of Income Tax, Delhi v. M/s. Kelvinator of India Limited - \[2010\] 1 SCR 768, 770-773 - PDF pages: 3-6](#)

Selected reasons and paragraph 6; comparison limited to the statutory regime effective 1 April 1989, not direct adverse treatment of Kalyanji.

Unchanged retained SCR PDF; selected primary passages and identity image inspected for the expressly bounded later-treatment qualification.

SHA-256: cc18ad49419166de7ba5061fa93955805078d7cb08049acda980af79ab11ac94

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

PROFESSIONAL DISCLAIMER

AI-assisted legal research note for general information and professional research. Verify the original judgment, applicable statutory version and later treatment before reliance. The AKHB Review Point is editorial analysis.