

Commissioner of Income Tax, Bihar, Patna v. Sahu Jain Limited

Civil Appeals Nos. 761-762 of 1971 — Connected Revenue appeals for two assessment years
[1976] 3 SCR 398 | 1976-02-16

On the combined circumstances of this family-controlled company, the public did not beneficially hold the requisite 25 per cent voting interest. The company therefore fell within section 23A(1) of the Indian Income-tax Act, 1922. Kinship or directorship alone is insufficient; concerted control may nevertheless be inferred without direct proof of particular coordinated votes (SCR 404, 406-411).

Indian Income-tax Act, 1922 | 1922 Act: 23A(1) | 1922 Act: 66(1)

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

01 FACTS OF THE CASE

Goswami J., with Fazal Ali J., delivered one judgment on 16 February 1976 in Civil Appeals 761-762 of 1971, from Patna High Court's 14 March 1969 decision in MJC 182-183 of 1962. The judgment and referred question concern assessment years 1953-54 and 1954-55. Family members held 40,000 of 50,000 shares; two employee-directors held only ten each. Dividend inadequacy and transferability were not disputed (SCR 400-404).

Source: [SCR 398-412; physical PDF pages 1-15](#)

02 DISCUSSION BY THE HON'BLE COURT

Applying Raghuvanshi Mills, Jubilee Mills and East Coast Commercial, the Court examined the shareholding, appointments, transactions and cohesive management together. It rejected treating the wife and adult son as members of the public simply because they were separately assessed or participated in management. Even counting the son's 10,000 shares and Ashoka Agencies' 2,000 left the total below 12,500. On these facts positive evidence of independence was needed from the assessee, while the Revenue retained its burden of bringing the case within section 23A (SCR 406-411).

Source: [SCR 398-412; physical PDF pages 1-15](#)

03 JUDICIAL DECISION

On the combined circumstances of this family-controlled company, the public did not beneficially hold the requisite 25 per cent voting interest. The company therefore fell within section 23A(1) of the Indian Income-tax Act, 1922. Kinship or directorship alone is insufficient; concerted control may nevertheless be inferred without direct proof of particular coordinated votes (SCR 404, 406-411).

Source: [SCR 398-412; physical PDF pages 1-15](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue Both Revenue appeals succeeded. The original question was answered negatively and the revised question affirmatively, in the Revenue's favour. Parties bore their respective costs (SCR 412). The Court also recognized the settled bar on adding fresh evidence during preparation of the section 66 reference (SCR 402). Historical income-tax issue decided with the qualifications stated in this note No current-law or comprehensive later-treatment certification.

Source: [SCR 398-412; physical PDF pages 1-15](#)

05 AKHB REVIEW POINT

The historical, pre-amendment 1922 provision governs; no present 1961/2025 equivalence is established. Source: supplied SCR report, [1976] 3 SCR 398-412. The headnote gives different assessment years; the judgment and referred question control this note. Inconsistent printed amendment years and isolated section-number slips are not promoted into propositions of law. No later treatment is claimed. Concerted control depends on the combined facts, with the Revenue's burden expressly preserved.

Source: [SCR 398-412; physical PDF pages 1-15](#)

ASSESSMENT YEARS AND LIMITS

Years: 1953-54; 1954-55

Qualification: Only the assessment years material to the issue described are listed.

REPORTED CITATION

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

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. Pinpoints identify the supplied reported judgment. The editorial headnote and counsel submissions are distinguished from the Court's reasons; specific source defects and issue limits are stated in the note.

[Open cited source rendition](#)

The headnote gives assessment years 1952-53 and 1953-54; the judgment and referred question give 1953-54 and 1954-55. Printed amendment years 1955/1956 and isolated section-number slips are preserved as source cautions.

STATUTORY SCOPE

Indian Income-tax Act, 1922. The historical operative enactment is identified. Source-discussed 1961 provisions are contextual unless expressly stated; no 2025 mapping is asserted.

LATER TREATMENT

Source checked 2026-10-09. Subsequent appeals, review proceedings, stays, reversals and later treatment have not been comprehensively checked. This is not a citator status certificate.

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