(1988) 05 RAJ CK 0050

In the Rajasthan High Court

Case No : Wealth-tax Reference No. 76 of 1981

Commissioner of Wealth-tax APPELLANT

Vs

Mannalal Surana RESPONDENT

Date of Decision : 06-05-1988

Acts Referred:
Wealth Tax Act, 1957 — Section 2

Citation : (1989) 175 ITR 184

Hon'ble Judges : J.S. Verma, C.J;I.S. Israni, J

Bench : Division Bench

Advocate : V.K. Singhal and S.L. sharma, for the Appellant; J.K. Ranka and A.K. Mahamwal, for the Respondent

Judgement

1. This is a consolidated reference u/s 27(1) of the Wealth-tax Act, 1957, at the instance of the Revenue to answer a common question of law arising out of the Tribunal''s order in respect of two different assessees and for different periods. The questions as framed in the common statement of case are as under :

"1. In respect of RA No. 141/JP/1978-79 :

"Whether, on the facts and in the circumstances of the case, the Tribunal was justified in holding that since the settlement was not the result of the application of any provision of the Income Tax Act, 1961, and the Wealth-tax Act, 1957, it was not Income Tax and wealth-tax liability within the meaning of Section 2(m)(iii) of the Wealth-tax Act, 1957, and that the liability pertaining to the assessment years 1967-68 to 1969-70 determined at Rs. 16,50,000 on March 24, 1975, was allowable as a deduction u/s 2(m) of the Wealth-tax Act, for determination of the net wealth for the assessment year 1972-73 ?

2. In respect of RA Nos. 142 to 144/JP/1978-79 :

Whether, on the facts and in the circumstances of the case, the Tribunal was justified in holding that since the settlement was not the result of the application of any provision of the Income Tax Act, 1961, and the Wealth-tax Act, 1957, it was not Income Tax and wealth-tax liability within the meaning of Section 2(m)(iii) of the Wealth-tax Act, 1957, and that the liability pertaining to the assessment years 1964-65 to 1971-72 determined at Rs. 83,458 on March 24, 1975, was allowable as a deduction u/s 2(m) of the Wealth-tax Act, 1957, for determination of the net wealth for the assessment years 1972-73, 1973-74 and 1974-75 ?"

2. In one reference, the assessee is Manna Lal, a partner of Manna Lal Nirmal Kumar Surana, and the relevant assessment year is 1972-73. In other reference, the assessee is the Hindu undivided family, Mannalal Nirmal Kumar Surana, for which the relevant assessment years are 1972-73, 1973-74 and 1974-75.

3. In substance, both the questions are the same and they relate to the permissible deduction u/s 2(m) of the Wealth-tax Act of the amount determined as tax liability. The point is covered by a decision of this court in Commissioner of Wealth-tax Vs. Vimal Chand, wherein it has been held that the tax liability determined as a result of settlement was allowable as deduction u/s 2(m) of the Wealth-tax Act, 1957, for the purpose of computation of the net wealth. The Tribunal''s view being in consonance with this decision, the same has to be upheld.

4. Consequently, the reference is answered in the affirmative, in favour of the assessee and against the Revenue by holding that the Tribunal''s view was justified in respect of both the assessees and for all the relevant assessment years.

5. No costs.

