

## **Assam Oil Co. Ltd. vs Commissioner Of Wealth-Tax (Central), ... on 24 November, 1965**

**Equivalent citations: [1966]60ITR267(SC), [1966]2SCR317A, AIR ONLINE 1965 SC 7**

**Bench: J.C. Shah, K. Subba Rao, S.M. Sikri**

### **JUDGMENT**

Subba Rao, J.

1. These two appeals, which are cross-appeals, arise out of the same judgment of the High Court of Calcutta. The former was filed by the Assam Oil Company Ltd., and the latter, by the Commissioner of Wealth-tax (Central), Calcutta. The following two questions were referred to the High Court for its decision :

"(1) Whether, on the facts and in the circumstances of the case, the sum of Pounds 2,486,180 which had been set apart by the assessee- company as an estimated provision for meeting its tax liability in future less the last installment of demand under section 18A(1) of the Indian Income-tax Act was a debt owed by the assessee on the relevant valuation date within the meaning of clause (m) of section 2 of the Wealth-tax Act ?

(2) Whether, on the facts and in the circumstances of the case, in computing the net wealth of the assessee the final installment of Rs. 47,86,207 due under section 18A of the Indian Income-tax Act constituted a debt owed by the assessee within the meaning of clause (m) of section 2 of the Wealth-tax Act as on the valuation date being 31st December, 1956 ?"

2. A Division Bench of the Calcutta High Court answered the first question in the negative and the second question in the affirmative. The correctness of the answer to the first question is canvassed in Civil Appeal No. 66 of 1965 and that of the second question, in Civil Appeal No. 67 of 1965.

3. We have held in *Kesoram Industries & Cotton Mills Ltd. v. Commissioner of Wealth-tax* in which judgment was just now delivered, that the liability to pay tax under the Indian Income-tax Act is a debt owed by the assessee on the relevant valuation date within the meaning of clause (m) of section 2 of the Wealth-tax Act. Following that judgment, we answer the first question in the affirmative.

The result is that Civil Appeal No. 66 of 1965 is allowed with costs.

4. This court in Commissioner of Wealth-tax v. Standard Vacuum Oil Co. Ltd. held that demand for advance payment of tax under section 18A of the Income-tax Act was a debt within the meaning of section 2(m) of the Wealth-tax Act. Following that judgment, we dismiss Civil Appeal No. 67 of 1965 with costs.

Shah, J.

5. I agree that Civil Appeal No. 67 of 1965 should fail. For reasons mentioned in the judgment delivered by me in Civil Appeal No. 539 of 1964, Kesoram Industries & Cotton Mills Ltd. v. Commissioner of Wealth-tax should also fail.

#### ORDER

6. In accordance with the opinion of the majority, Civil Appeal No. 66 of 1965 is allowed with costs. Civil Appeal No. 67 of 1965 is unanimously dismissed with costs.

7. Civil Appeal No. 66 of 1965 allowed.

8. Civil Appeal No. 67 of 1965 dismissed.