

**IN THE HIGH COURT OF PATNA
FULL BENCH**

Misc. Judl. Case No. 288 of 1961

Decided On: 20.12.1965

Appellants:**The Commissioner of Wealth Tax**

Vs.

Respondent:**Sahu Jain Ltd.**

Wealth Tax Act—section 2(m), 27(1)— meaning of the expression "debt owed" in Wealth Tax Act-- reference made by the Wealth Tax Tribunal to determine whether tax liability provided in the balance sheet amounts to a 'debt owed' by the assessee—*held*: the liability to pay Income Tax is a present liability even though it might not have been quantified in accordance with ascertainable data---reference question answered in affirmative. (**para 1, 2**)

Calcutta (1965) 58 I.T.R. Part 11, p. 37**Relied upon.**

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Appellants: **The Commissioner of Wealth Tax**
Vs.
Respondent: **Sahu Jain Ltd.**

Hon'ble Judges/Coram:

R.L. Narasimham , C.J., Udai Sinha and S.N.P. Singh , JJ.

Counsels:

For Appellant/Petitioner/Plaintiff: S.N. Dutta, Adv.

For Respondents/Defendant: Tarkeshwar Prasad and Purnendu Naravan, Advts.

ORDER

1. In this reference under Section 27(1) of the Wealth Tax Act by the Wealth Tax Tribunal, the following question of law was referred for our opinion:

"Whether the tax liability of Rs. 11,48,348 provided for in the balance sheet for the assessment years 1956-57 and 1957 58 amounts to a 'debt owed' by the assessee within the meaning of Section 2(m) of the Wealth Tax Act"

2. This case was referred to a Full Bench mainly because of the conflicting decisions of the various High Courts about the true meaning of the expression "debt owed" occurring in the Wealth Tax Act But this point had been set at rest by the recent Judgment of their Lordships of the Supreme Court in Kesoram Industries and Cotton Mills Ltd. v. Commr. of Wealth Tax (Central) Calcutta (1965) 58 I.T.R. Part 11, p. 37 (short notes of current cases) where their Lordships by a majority held that the liability to pay Income Tax is a present liability even though it might not have been quantified in accordance with ascertainable data. Following this decision we must answer the question in the affirmative. There will be no order for costs.