THE COMMISSIONER OF INCOME-TAX, BOMBAY

v.

DHARAMDAS HARGOVINDAS.

1961

February 3.

(P. B. GAJENDRAGADKAR, A. K. SARKAR and K. N. WANCHOO, JJ.)

Income Tax—Income already received outside taxable territory—Brought into or received in taxable territory—Liability to tax—If must be first receipt in taxable territory—Income-tax Act, 1922 (11 of 1922), s. 4 (1)(b)(iii).

The assessee, resident in British India, had some money in deposit with a concern in Bhavnagar, outside British India. On April 7, 1947, he transferred part of it to a concern in Bombay. He was assessed to tax on this amount under s. 4(1)(b)(iii) of the Income-tax Act. The assessee contended that to attract the application of s. 4(1)(b)(iii) the receipt in the taxable territory must be the first receipt of income.

Held, that the assessee was liable to tax on this amount.

Per Gajendragadkar and Wanchoo, JJ.—Where a person, resident in the taxable territories, has already received, outside the taxable territories, any income etc. accruing or arising to him outside the taxable territories before the previous year brings that income into or receives that income in the taxable territories he would be chargeable to income-tax thereon. Though for the purposes of cl. (a) of s. 4 the receipt must be the first receipt of income in the taxable territories, for the purposes of cl. (b)(iii) the receiving in the taxable territories need not be the first receipt.

Keshav Mills Ltd. v. *Commissioner of Income-tax* [1953] S.C.R 950, referred to.

Per Sarkar, J.—The income could not be said to have been "received" in the taxable territory within the meaning of cl. (b)(iii) as income could be received only once. But it is clear that the assessee "brought into" Bombay that income. It was immaterial in what shape he received the income in Bhavnagar and in what shape he brought it in Bombay.

Keshav Mills Ltd. v. *Commissioner of Income-tax* [1953] S.C.R. 950, *Board of Revenue* v. *Ripon Press* (1923) I.L.R. 46 Mad. 706 and *Sundar Das* v. *Collector of Gujrat* (1922) I.L.R. 3 Lah. 349, applied.

Gresham Life Assurance Society Ltd. v. *Bishop* [1902] A.C. 287 and *Tennant* v. *Smith* [1892] A.C. 150, referred to.

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 240 of 1955.

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Appeal by special leave from the judgment and order dated September 3, 1953, of the Bombay High Court in Income-tax Reference No. 15 of 1953.

Hardayal Hardy and *D. Gupta*, for the appellant.

G. S. Pathak, S. P. Mehta, S. N. Andley, J. B. Dadachanji, Rameshwar Nath and *P. L. Vohra*, for the respondent.

1961. February 3. The Judgment of Gajendragadkar and Wanchoo, JJ. was delivered by

Wanchoo J.

WANCHOO, J.—In this matter by our order made on April 24, 1958, we had referred the case back to the Tribunal to submit a further statement of case on certain questions. That statement of case has now been drawn up by the Tribunal and sent to this Court. The matter is now ready for decision.

This is an appeal by the Commissioner of Income-tax, Bombay, against the judgment of the High Court at Bombay given on a reference under s. 60(2) of the Income-tax Act answering the question referred, in the negative. That question was, "Whether, in any event, on the facts found by the Tribunal, there was any remittance by the petitioner to Bombay within the meaning of and assessable under s. 4(1)(b)(iii) of the Income-tax Act." The assessment year concerned was 1948-49, the accounting year being 2003 Sambat.

The facts found may now be stated. At the relevant time, Bhavnagar was a ruling State and therefore outside British India. There was a mill there which we shall, for brevity, call the Bhavnagar Mills. The assessee and his brother Gordhandas had large sums in deposit with the Bhavnagar Mills. These sums were profits earlier earned by the assessee and his brother in Bhavnagar. The amounts deposited belonged to the assessee and his brother in equal shares. The Bhavnagar Mills kept an account of these deposits. This account showed that on April 7, 1947, a sum of Rs. 50,000/- had been paid out to Harkisondas Ratilal and another sum of the same amount to Dilipkumar Trikamlal. There is another mill in Bombay which we shall call the Bombay Mills. The account of the Bombay Mills showed that on April 3,

1947, Rs. 50,000/- had been received from each of Harkisondas Ratilal and Dilipkumar Trikamlal. Harkisondas Ratilal and Dilipkumar Trikamlal were the *benamidars* for the assessee and his brother and the entries indicated that the moneys had been withdrawn from the Bhavnagar Mills by the assessee and his brother and advanced to the Bombay Mills. The assessee and his brother were in full control of both the Bhavnagar Mills and the Bombay Mills.

On these facts the Tribunal had come to the conclusion that there had been a remittance of the assessee's profits from Bhavnagar to Bombay, namely, Rs. 50,000/- being half of the amounts mentioned above, on account of his share and such remittance was taxable under s. 4(1)(b)(iii). The assessee raised the question with which we are concerned in view of this decision.

The High Court held that under the section income is taxable only when it is brought into or received in the taxable territory by the assessee himself and not when it is so brought into or received on behalf of the assessee and that all that the facts found by the Tribunal showed was that the assessee disposed of his accumulated income in Bhavnagar by directing his debtor, the Bhavnagar Mills, to pay an amount not to himself but to a third party, namely, the Bombay Mills. According to the High Court, "The result was that only one debtor was substituted for another. This did not amount to a receipt of the money by the assessee himself in Bombay or to a bringing of it into Bombay by him." In this view of the matter, the High Court answered the question referred in the negative.

When the appeal was heard by us on the earlier occasion, the learned Advocate for the appellant contended that even on the basis on which the High Court had proceeded, namely, that there was only a substitution of one debtor for another, it has to be said that the money was received by the assessee himself in Bombay. The contention was that the respondent could not become a creditor of the Bombay Mills unless he advanced the moneys to them.

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His point was that even assuming that the receipt of the cheque by the Bombay Mills drawn in its favour by the Bhavnagar Mills did not amount to receipt of moneys by the respondent, as soon as the Bombay Mills credited the amount of it to the respondent, there was notionally a receipt of the money by the assessee and an advance of it by him to the Bombay Mills to create the debt. The learned advocate for the assessee said in answer to this contention that there was nothing to show that the agreement for the advance of the money by the assessee to the Bombay Mills had not been made at Bhavnagar. He also said that there was nothing to show as to how the money or the cheque came from Bhavnagar to Bombay and that it might have been that it was agreed between the assessee and the Bombay Mills at Bhavnagar that the money would be deposited in the Bombay Mills to the credit of the assessee and the cheque or the money might have been delivered to the Bombay Mills or its agent at Bhavnagar. His contention was that if such was the case—and on the evidence it could not be said that it was not—then the notional receipt of the money by the assessee and its advance by him to the Bombay Mills, if any, would have taken place in Bhavnagar and when the money was thereafter brought to Bombay, it was the Bombay Mills' own money. In this view of the matter, according to the learned advocate for the assessee, the moneys could not be subject to tax under the section.

In this position of the arguments then advanced, we observed as follows :—

> "It seems to us that this contention of the learned advocate for the respondent has to be dealt with before this appeal can be finally disposed of. We therefore think it fit to refer the case back to the Tribunal to submit a further statement of case, after taking such evidence as may be necessary, as to show how the cheque was brought from Bhavnagar to Bombay and what agreement had been made between the parties concerned as a result of which the amount of the cheque was credited in the names

of Harkison Ratilal and Dilipkumar Trikamlal in the accounts of the Bombay Mills. The Tribunal will submit its report within four months.

In view of this order we refrain from expressing any opinion on any of the points argued at the bar."

It is pursuant to this order that the further statement of case has been submitted by the Tribunal. In its statement of case now submitted the Tribunal found the following facts: The Bhavnagar Mills had an account in the Bank of India Limited at one of its Bombay Branches. A cheque book in respect of this account was with the assessee who had power to operate it on behalf of the Bhavnagar Mills. The assessee acting on behalf of the Bhavnagar Mills drew a cheque on the Bhavnagar Mills aforesaid account in the Bank of India Limited on April 3, 1947, in favour of self. This was done in Bombay. This cheque was handed over by the assessee to the Bombay Mills in Bombay for being credited in the account of the Bombay Mills in the names of Harkison Ratilal and Dilipkumar Trikamlal which were really the *benami* names of the assessee and his brother. The Bombay Mills on the same date presented this cheque to another branch of the Bank of India Ltd. in Bombay where they had an account, for deposit in that account. The actual entries in the books of the different branches of the Bank were made on April 5, 1947. The Bombay Mills also made entries in their own books crediting the moneys received on the cheque, to Harkison Ratilal and Dilipkumar Trikamlal. The assessee in his turn instructed the Bhavnagar Mills to debit the joint account of himself and his brother with it in the sum of Rs. 1 lac as having been paid to Harkison Ratilal and Dilipkumar Trikamlal. This entry was actually made a little later, namely on April 7, 1947. The facts now found would show that nothing had been done at Bhavnagar. It was also found that as the Bombay Mills needed moneys and the assessee had money with the Bhavnagar Mills, he utilised these latter moneys for an advance being made by him out of it to the Bombay Mills.

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As will appear from our earlier order hereinbefore set out, none of the points arising in the appeal had been decided by us on that occasion. The question that we have to decide is whether on these facts it can be said that income had been brought into or received in Bombay by the assessee. The relevant portion of the section is in these terms :—

"4. (1) Subject to the provisions of this Act, the total income of any previous year of any person includes all income, profits and gains from whatever source derived which—

(a) are received or are deemed to be received in the taxable territories in such year by or on behalf of such person, or

(b) if such person is resident in the taxable territories during such year,—

(i) accrue or arise or are deemed to accrue or arise to him in the taxable territories during such year, or

(ii) accrue or arise to him without the taxable territories during such year, or

(iii) having accrued or arisen to him without the taxable territories before the beginning of such year and after the 1st day of April, 1933, are brought into or received in the taxable territories by him during such year, or

(c) if such person is not resident in the taxable territories during such year, accrue or arise or are deemed to accrue or arise to him in the taxable territories during such year."

In the present case we are concerned with cl. (b). In order however to understand what the words "brought into or received in the taxable territories by him" mean we have to consider the whole scheme of this sub-section. The sub-section mainly deals with the total income of any previous year which is chargeable to income-tax under s. 3 of the Act. It is divided into three parts. The first part, which is cl. (a) provides that all income, profits and gains received or deemed to be received in the taxable territories in such year by or on behalf of such person will be included in the taxable income. So far as cl. (a) is

concerned, it is immaterial whether the person is resident in the taxable territories or is not resident therein; as long as income etc. is received in the taxable territories by or on behalf of such person in the previous year, it is liable to be included in the computation of total income. Under this clause therefore it is the receipt in the previous year that is material and the residence of the person to be taxed is immaterial. It has been held under this clause that receipt must be the first receipt in the taxable territories and if income etc. has been received elsewhere in the same year and is then brought into the taxable territories it should not be considered to be income etc. received in such year in the taxable territories: (see *Keshav Mills Ltd.* v. *Commissioner of Income-tax* (1)). The basis of this decision obviously is that cl. (a) is dealing with the receipt of income etc. in the taxable territories in the year in which it has accrued or arisen and in those circumstances it is the first receipt of such income in the taxable territories that gives rise to liability of the charge of income-tax. If such income etc. accruing or arising in the previous year has already been received outside the taxable territories it cannot be said to be received again as such in the taxable territories, if it is brought from the place where it was received as such into the taxable territories.

The second part which is cl. (b) deals with the case of a person who is resident in the taxable territories during such year. In his case all income which accrues or arises or is deemed to accrue or arise to him in the taxable territories during such year is chargeable to income-tax; besides, all income etc. which accrues or arises to him without the taxable territories during such year is also chargeable to income-tax.

Then comes the part with which we are directly concerned and which provides that all income etc. which having accrued or arisen to such person without the taxable territories before the beginning of such year and after the first day of April 1933 is brought

(1) [1953] S.C.R. 950.

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into or received in the taxable territories by him during such year will be chargeable to income-tax. This is a special provision relating to income etc. which has accrued or arisen not in the previous year but in years previous to that though after April 1, 1933. This special provision relating to a person resident in the taxable territories must be distinguished from the provision in cl. (a) in connection with which it has been held that the receipt there meant must be the first receipt, for cl. (a) applies irrespective of whether the person is resident in the territories or not to income etc. of the previous year received in the taxable territories in the same year. Clause (b)(iii) on the other hand refers to income etc. which accrued before the previous year and is brought into or received in the taxable territories in such year by a person resident therein, and obviously the considerations which led this Court to hold in *Keshav Mills* case (1) that the receipt in cl. (a) means the first receipt would not apply to this special provision in cl. (b)(iii).

Mr. Pathak for the respondent however argues that the words in cl. (b)(iii) are the same as in cl. (a), namely, "are received" and therefore the receipt in cl. (b)(iii) must also be the first receipt. These words however are not terms of art and in our opinion their meaning must receive colour from the context in which they are used. In the context of cl. (a) these words could only refer to the first receipt; but it does not follow from this that in the context of cl. (b)(iii) also they refer only to the first receipt.

Let us see what cl. (b)(iii) is meant to provide for. It will be noticed that cl. (a), cl. (b)(i) and (ii) and cl. (c) deal only with income etc. which has arisen in the previous year while cl. (b)(iii) deals with a special class of cases where a person resident within the taxable territories had income etc. accruing or arising to him without the taxable territories and which he did not bring in the taxable territories as and when it arose but does so many years later. In such a case it stands to reason that the income etc. having arisen to such person, may be years before the previous year, must

(1) [1953] S.C.R. 950.

have been received by him outside the taxable territories; but it is urged that cl. (b)(iii) does not speak of receipt outside the taxable territories but only speaks of income etc. having accrued or arisen to him without the taxable territories and that it is possible that though the income etc. might have accrued long ago it might not have been received even outside the taxable territories. This is theoretically possible; but in our opinion it is clear that when cl. (b)(iii) speaks of income etc. having accrued or arisen without the taxable territories it is implicit in it further that such income etc. having accrued or arisen without the taxable territories had already been received there. Considering that cl. (b)(iii) applies to all income having accrued or arisen after the first day of April 1933 (that is more than 27 years ago now) it does not seem reasonable to hold that the words " having accrued or arisen " used in that clause have no reference to its receipt also outside the taxable territories. It seems to us therefore that what cl. (b)(iii) provides is that if any income etc. had arisen or accrued outside the taxable territories and had been received there sometime before the previous year and if such income etc. is brought into or received in the taxable territories by such person in the previous year it will be liable to be charged under s. 3. In the circumstances, looking to the special provision of cl. (b)(iii) it would be reasonable to infer that what it contemplates is bringing into or receipt in the taxable territories in the previous year of income etc. which had already accrued or arisen without the taxable territories earlier than the previous year and may have also been received there. Any other interpretation would really make that part of cl. (b)(iii) which refers to " received in the taxable territories " more or less useless, for it is not likely that income having accrued or arisen outside the taxable territories before the previous year should not have been received also outside the taxable territories. Therefore, the reasonable interpretation of cl. (b)(iii) is that if a person resident in the taxable territories has already received without the taxable territories any income etc. accruing or arising to him without the taxable territories

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before the previous year brings that income into or receives that income in the taxable territories he would be chargeable to income-tax under s. 3. Therefore, for the purpose of cl. (b)(iii) the receiving in the taxable territories need not be the first receipt. We shall later consider what will be the effect of this interpretation on the facts of this case.

Then there is cl. (c), which deals with the case of a person resident outside the taxable territories to whom income etc. has accrued or arisen or is deemed to have accrued or arisen in the taxable territories during the previous year. It will thus be seen that cl. (a) deals with a person who may or may not be a resident in the taxable territories and makes the income etc. accruing or arising to him in the previous year liable to income-tax if it is received or deemed to be received by him in the taxable territories also within the same year; cl. (b) deals with the case of a person who is resident in the taxable territories and gives a wider definition of the total income and cl. (c) deals with a person not resident in the taxable territories and makes only such of his income as accrues or arises or is deemed to accrue or arise in the previous year in the taxable territories liable to income-tax in addition to what is provided in cl. (a).

Let us now see on the facts of this case whether the respondent can be said to have received this sum of Rs. 50,000/- in the taxable territories during the previous year. The statement of the case shows that this sum was income etc. of the respondent which accrued to him outside the taxable territories and had been received by him there and deposited in the Bhavnagar Mills in his account. It is also clear from the facts which we have set out already that this money which was lying to the credit of the respondent in the Bhavnagar Mills was received by him by means of a cheque on the Bank of India Ltd., Bombay, in which the Bhavnagar Mills had an account and on which the respondent had the authority to draw. Having thus drawn the money by a cheque on the said bank, the respondent advanced it to the Bombay Mills and the cheque was cashed by the Bombay Mills and the

money was credited into the account of the respondent's *benamidars* in the Bombay Mills. There was thus clearly receipt in the previous year of income etc. which had accrued to the respondent outside the taxable territories before the previous year and he would therefore be chargeable under s. 3 of the Act with respect to this amount.

The High Court has held that the income would be taxable only when it is brought into or received in the taxable territories by the assessee himself and not when it was so brought or received on behalf of the assessee. The relevant words of cl. (b)(iii) with which we are concerned are these: "are brought into or received in the taxable territories by him during such year." We have held that this is a case of receipt by the respondent in the taxable territories; it is therefore unnecessary to consider in the present case whether the words "brought into the taxable territories by him" mean that the income must be brought in by the person himself as held by the High Court. This being a case of receipt, there can be no doubt that income etc. was received by the respondent and the indirect method employed in this case for receiving the money would none the less make it a receipt by the respondent himself. Reference in this connection may be made to *Bipin Lal Kuthiala* v. *Commissioner of Income-tax, Punjab* (1), where it was held that the money was received by the assessee even though in fact what had happened there was that the assessee directed his debtor in Jubbal which was outside the taxable territories to pay money to his creditor in British India. It was held that in the circumstances there was receipt of income in British India, though the method employed was indirect. We are therefore of opinion that the respondent is liable to pay income-tax on the sum of Rs. 50,000/- under s. 4(1)(b)(iii) of the Act and the question framed therefore must be answered in the affirmative. The result is that the appeal is allowed and the order of the High Court set aside. The appellant will get the costs of this appeal and in the court below.

(1) A.I.R. 1956 S.C. 634.

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Sarkar J.

SARKAR, J.—The facts necessary for this appeal are few and simple. The assessee, who is the respondent in this appeal, was a resident of Bombay. He had certain income in Bhavnagar, a place without the taxable territories, which he had kept in deposit with a concern there. This concern had an account in a bank in Bombay. The assessee, presumably as one of the officers of the concern, could operate this account. He drew, in Bombay, a cheque on this account which cheque eventually found its way into the account of a concern in Bombay in a bank there and was credited in that account. The Bombay concern thereafter made entries in its own books of account in respect of the amount of the cheque in favour of two persons of the names of Harkison Ratilal and Dilipkumar Trikamlal. The Bhavnagar concern, in its turn, a few days later debited the account that the assessee had with it in respect of the deposits, with the amount of the cheque as moneys paid to these two persons. These two persons however were only benamidars for the assessee. The transactions, therefore, showed that the assessee had withdrawn the money from the concern at Bhavnagar out of its accumulated income and advanced it to the concern in Bombay. The Tribunal found it as a fact that the assessee had utilised in Bombay his income lying at Bhavnagar for making an advance in Bombay. These transactions took place in April 1947.

I have simplified the facts a little for clarity. Actually the account in the concern at Bhavnagar was in the joint names of the assessee and his brother and the advance to the concern in Bombay was really in their joint names. The assessee's share was half of the amount of the cheque and with that share alone we are concerned in this case.

On these facts half the amount of the cheque as representing the assessee's share of the accumulated income, was included in his total income, for assessment to income-tax for the year 1948-49 under s. 4(1)(b)(iii) of the Income-tax Act, 1922. That section so far as is material is in these terms :

S. 4. (1) Subject to the provisions of this Act, the total income of any previous year of any person includes all income, profits and gains from whatever source derived which—

(a) are received or are deemed to be received in the taxable territories in such year by or on behalf of such person, or

(b) if such person is resident in the taxable territories during such year,—

* * *

(iii) having accrued or arisen to him without the taxable territories before the beginning of such year and after the 1st day of April, 1933, are brought into or received in the taxable territories by him during such year, or

* * *

The only question is whether the assessee can be said to have "brought into" or "received" this income in Bombay within the meaning of sub-cl. (iii) of s. 4(1)(b). No other objection to the assessment was raised.

The respondent first contends that he cannot be said to have "received" the income in Bombay. He contends that on the facts found it must be held that he had already "received" the income in Bhavnagar and he could not "receive" it again in Bombay or anywhere else. It seems to me that this contention is well founded. This Court has held that "Once an amount is received as income, any remittance or transmission of the amount to another place does not result in 'receipt', within the meaning of this clause, at the other place": *Keshav Mills Ltd.* v. *Commissioner of Income-tax, Bombay* (1). No doubt, the observation was made with regard to cl. (a) of s. 4(1). But I am unable to find any reason why the word should have a different meaning in sub-cl. (iii) of s. 4(1)(b). On the contrary, the words "brought into" in sub-cl. (iii) would furnish a reason, if one was necessary, for the view that the word "received" there means received for the first time.

I venture to think that this Court did not in *Keshav Mills* case (1), hold that that word in s. 4(1)(a) meant

(1) [1953] S.C.R. 950, 962.

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"the first receipt after the accrual of the income", because of anything in the context in which the word occurred but because, in the nature of things, income can be "received" only once and not more than once, and a subsequent dealing with income after it has been received, can never be a "receipt" of income. It seems to me that what was said in connection with the Act as it then stood, in *Board of Revenue* v. *Ripon Press* (1), namely, "that you cannot receive the same sum of money *qua* income twice over, once outside British India and once inside it" expresses the inherent nature of receipt of income and still holds good and unless the context compels a different meaning, which I do not find the present context to do, income can be received only once. As, in the present case, it seems fairly clear that the assessee had received the income in Bhavnagar, I do not think he can be taxed on it on the basis that he "received" it in Bombay over again.

If, however, the assessee did not "receive" the income in Bombay, it seems clear to me that he "brought into" Bombay that income. He got in Bombay an amount which he had earlier received in Bhavnagar as income, for he advanced it to a concern in Bombay and this he could not do if he had not got it. The getting of the income in Bombay may not have been the receipt of it but how could he get it if he did not bring it in?

After the assessee received the income in Bhavnagar, it remained all the time under his control and that is why he could not receive it again: see *Sundar Das* v. *Collector of Gujrat* (2). An assessee might, however, change the shape of the income received. Section 4(1)(b)(iii) does not require that in order that income may be brought into the taxable territories it is necessary that the shape of the income should not have been changed since it was first received. Indeed, it has not been contended to the contrary. Sub-clause (iii) of s. 4(1)(b) would have completely defeated itself if it required that the income had to be kept in the same shape in which it had been received. Whatever shape

(1) (1923) I.L.R. 46 Mad 706, 711. (2) (1922) I.L.R. 3 Lah. 349.

the income had assumed, the assessee had it with him all the time as income and for the purpose of sub-cl. (iii) it could be brought into the taxable territories in that shape.

Now what the assessee had done with the income in this case was to put it with a party in Bhavnagar. The income then took the shape of a debt due to him. It became a right to receive money or moneys worth. When he had that debt discharged in Bombay, he must have had it brought into Bombay. Therefore he had brought the income into Bombay.

Suppose he had received the income in the shape of coins and had kept it in his safe at Bhavnagar and brought the coins into Bombay. There would have been no doubt that he had brought the income into Bombay. Suppose again, he had put the income originally received by him at Bhavnagar in a bank there and then he obtained a draft from the bank payable in Bombay and brought the draft from Bhavnagar to Bombay and cashed it there. Again, there would be little doubt that he had, by this process, brought the income into Bombay. It is well known that though income in income-tax law is generally contemplated in terms of money, it may be conceived in other forms. In fact anything which represents and produces money and is treated as such by businessmen, would be income: see per Lord Lindley in *Gresham Life Assurance Society Ltd.* v. *Bishop* (1) and per Lord Halsbury L.C. in *Tennant* v. *Smith* (2). If the bringing of the bank draft would be bringing of income, I am unable to see why the bringing of a right to receive the money would not be bringing of income when that right has been exercised and turned into moneys worth. Such a right would be based on a promise by the debtor to pay and though verbal, would be considered by businessmen to represent money. The assessee in Bombay used that right and obtained moneys worth. He accepted the Bhavnagar concern's cheque in Bombay, gave it a pro tanto discharge for the debt owing by it to him. He used the cheque in acquiring a new asset, namely, a promise by the

(1) [1902] A.C. 287, 296. (2) [1892] A.C. 150, 156.

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Bombay concern to pay money. Therefore, in my view, the respondent assessee was liable under s. 4(1)(a), (b)(iii) to be taxed on the amount of the cheque as income which he had brought into the taxable territories.

I would hence allow the appeal and answer the question referred, in the affirmative.

Appeal allowed.