Commissioner of Income Tax III, Coimbatore v. Kiran Processors

Madras High Court · T.C.(A) 5/2006 · 2006-01-31

P.D. Dinakaran and P.P.S. Janarthana Raja, JJ.

Expert Comments

Disputed receipts

The assessing officer excluded 90% of dyeing charges from business profits. That computation produced a negative section 80HHC deduction for the hosiery exporter. (p. 1)

Appellate computation

The Commissioner (Appeals) directed exclusion of dyeing charges from turnover and of only their profit element from business profits. The assessee did not challenge that direction. (p. 1–2)

Manufacturing connection

The dyeing work used machinery, materials, fuel and labour in manufacturing the exported goods. The Court treated the charges as trading receipts directly connected to that activity. (p. 2)

Precedent

The Bench relied on Southern Sea Foods Ltd., T.C.(A) 37/2003, decided 3 January 2006, on processing charges linked to exports. (p. 2)

Disposition

The Court found no substantial question of law and dismissed the Revenue’s appeal. Its reasoning concerns the exporter’s manufacturing activity and the historical section 80HHC computation. (p. 2–3)

Source: original court order. Prepared with AI assistance.