

Commissioner of Income Tax v. M/s Escorts Ltd.

ITA 1427/2006

2026:DHC:3629-DB | ITA 1427/2006 (Del HC, decided 27.04.2026) | 2026-04-27

Section 2(24)(iv) addition of Rs. 1,71,30,343 already taxed in AY 2006-07 cannot be re-litigated; deletions of business-expansion, interest-free loan, section 14A, and product-development disallowances upheld as pure findings of fact.

Income-tax Act, 1961: sections 2(24)(iv), 14A, 36(1)(iii), 37(1) and 260A

High Court of Delhi | 2-judge bench (Division Bench) | Dinesh Mehta, J. | Vinod Kumar, J.

Assessment years: 1999-2000, 2006-07 (referenced)

Appeal decided without formal admission after 20 years on board

The Division Bench noted in paragraph 2 on page 2 that although the appeal had remained pending since 2006 without a formal admission order, none of the five proposed questions warranted admission.

01 FACTS OF THE CASE

The Revenue filed ITA 1427/2006 under section 260A against the ITAT's order dated 09.12.2005 in ITA No. 566/Del/2003 for AY 1999-2000, proposing five questions of law: (i) deletion of Rs. 1,71,30,343 added under section 2(24)(iv); (ii) allowance of Rs. 10,37,275 incurred on expansion/diversification as revenue expenditure; (iii) deletion of notional interest disallowance on an interest-free loan of Rs. 4.56 crore advanced to subsidiary M/s Escotrak & Investment Ltd.; (iv) restriction of section 14A disallowance against Rs. 2,01,88,412 tax-free dividend/US-64 income; and (v) allowance of Rs. 41,48,896 incurred on development and upgradation of products as revenue expenditure.

Source: [Pages 1-2 of 3 \(Paragraph 1\) \(DLHC010612092006_1_2026-04-27.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

At the hearing after twenty years of pendency, counsel for the assessee pointed out that with respect to Question (i), the sum of Rs. 1,71,30,343 had already been subjected to tax by the Revenue in AY 2006-07 pursuant to the ITAT's observation in paragraph 9 of the impugned order, and the assessee had accepted that assessment and paid the tax. The Court held that the Revenue could not press Question (i) once the amount had already been taxed in AY 2006-07. As regards Questions (ii) to (v), the Division Bench held that each issue turned purely on concurrent appreciation of facts by the appellate authorities and gave rise to no substantial question of law.

Source: [Pages 2-3 of 3 \(Paragraphs 2-5\) \(DLHC010612092006_1_2026-04-27.pdf\)](#)

03 JUDICIAL DECISION

Holding that Question (i) did not survive in view of the subsequent taxation of the same sum in AY 2006-07 and that Questions (ii) to (v) raised no substantial question of law under section 260A, the Delhi High Court dismissed the Revenue's appeal.

Source: [Page 3 of 3 \(Paragraphs 4-6\) \(DLHC010612092006_1_2026-04-27.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (M/s Escorts Ltd.); Revenue appeal ITA 1427/2006 dismissed.

Source: [Page 3 of 3 \(Paragraph 6\) \(DLHC010612092006_1_2026-04-27.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: Where an addition deleted by the ITAT in an earlier assessment year (here, Rs. 1.71 crore under section 2(24)(iv) in AY 1999-2000) is subsequently brought to tax in a later year (AY 2006-07) and accepted by the assessee, the Revenue is precluded from pursuing its appeal for the earlier year to tax the same amount twice.

Source: [Full judgment PDF \(3 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(DLHC010612092006_1_2026-04-27.pdf\)](#)

Reviewed from the complete 3-page official High Court judgment PDF (DLHC010612092006_1_2026-04-27.pdf, SHA-256: 05776fd34e2666988cfea9137becfa81fcd8c1428970d7b4fbcc7a9f92bdac8a).

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STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

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