The Principal Commissioner of Income Tax, Shillong & Anr. v. M/s Greenply Industries Ltd.

ITA/3/2023 & ITA/6/2023 (in ITAT ITA Nos. 232/GAU/2019 & 359/GAU/2019)

2025:GAU-AS:2199-DB | ITA/3/2023 & Linked Case ITA/6/2023 | 2025-03-04

Rudrapur industrial excise exemption treated as capital receipt and excluded from MAT book profits.

Income-tax Act,1961: sections 115JB, 260A

Gauhati High Court | 2-judge bench (Division Bench) | Chief Justice (name not stated in source) | Justice N. Unni Krishnan Nair

Assessment years: 2014-15

01 FACTS OF THE CASE

The common judgment decided Revenue's ITA 3/2023 and 6/2023 concerning AY 2014-15. Greenply claimed capital treatment for Rs.87,98,09,432 of excise exemption relating to its Rudrapur plywood and MDF units. CIT(A) accepted capital treatment; the Tribunal also allowed exclusion from book profits.

Source: PDF pp.1–7

02 DISCUSSION BY THE HON'BLE COURT

The Court examined the 7 January 2003 industrial policy for Uttaranchal and Himachal Pradesh and Notification 50/2003-CE dated 10 June 2003. Applying the purpose test, it emphasised industrial development and employment rather than the timing or mechanism of the benefit.

Source: PDF pp.12–17, paras 20–27

03 JUDICIAL DECISION

The exemption was a capital receipt. The Court also upheld its exclusion in computing section 115JB book profits despite credit to the profit and loss account, relying on the authorities discussed in the judgment.

Source: PDF pp.17–20, paras 27–37

04 OUTCOME / IN WHOSE FAVOUR

Both Revenue appeals dismissed without costs; both questions answered for Greenply.

Source: PDF pp.20–21, paras 37–38

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Match the benefit to the scheme actually examined: The decisive material was the 2003 policy and the excise notification supporting the Rudrapur units. The judgment does not apply the North East Industrial and Investment Promotion Policy, 2007 to these receipts. A comparable claim requires the relevant policy, eligibility documents and purpose of the incentive; the accounting label or receipt mechanism alone does not establish capital character. (PDF pp.13–17)

Normal computation and MAT required separate consideration: Success on capital treatment did not initially secure the book-profit exclusion: CIT(A) refused that relief and the Tribunal granted it. The High Court sustained the distinct MAT conclusion for this capital receipt. Practitioners should present both computations and the legal basis for each, rather than assume that every receipt excluded from ordinary taxable income is automatically excluded from book profits. (PDF pp.5–7, 18–20)

Do not enlarge the procedural or temporal holding: Revenue criticised the fresh claim, but the Court noted that capital treatment had not been contested before the Tribunal and examined the framed question. This is not a blanket ruling admitting every new claim. The education-cess ground was not pressed before the Tribunal. The decision concerns AY 2014-15; subsequent statutory treatment of incentives was not decided. (PDF pp.6–7, 12–13, 20–21)

Source: PDF pp.13–17

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 21-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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