Principal Commissioner of Income Tax-1 v. Asian Tiles Ltd.

Tax Appeal Nos. 576–590 and 621–626 of 2018

Tax Appeal Nos. 576–590 and 621–626 of 2018 (Gujarat High Court, 11 June 2018) | 2018-06-11

Revenue appeals dismissed on revenue neutrality; one-per-cent estimate not endorsed.

Income-tax Act, 1961: 80IB

High Court of Gujarat | Division Bench | Akil Kureshi | B. N. Karia

Assessment years:

Date and scope corrected from the source

The order is dated11 June2018. It dismisses the appeals on revenue neutrality and does not approve the Tribunal's one-per-cent estimate. Page3 once says10B, while the decisive discussion applies80IB.

01 FACTS OF THE CASE

This common order covers Tax Appeals576–590 and621–626 of2018 arising from the Tribunal's 5 May2017 judgment involving two sets of assessees. Searches and excise inspection led to additions for estimated profits on clandestine removals and unexplained investments. CIT(A) substituted net for gross profit and allowed section80IB deduction; the Tribunal reduced the profit addition to1% of disclosed sales while retaining deduction.

Source: Background, PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The Court expressed prima facie disagreement with the Tribunal's1% estimate: there was no correlation between estimated undisclosed sales and disclosed sales, and balancing equities supplied no basis. It nevertheless declined further examination because the additions qualified for80IB deduction on the recorded facts, no other source was traced, and any profit measure would yield no tax. Remaining additions were primarily factual.

Source: Reasons, PDF pp.3–5

03 JUDICIAL DECISION

All the listed Tax Appeals were dismissed only on the stated ground of revenue neutrality. No remand or restoration of a higher profit rate was ordered.

Source: Operative paragraph, PDF p.5

04 OUTCOME / IN WHOSE FAVOUR

Assessee-favourable final disposal on a limited ground. The Court did not endorse1% as the proper estimation rate or hold that every undisclosed receipt automatically qualifies for80IB deduction.

Source: Reasons and disposition, PDF pp.4–5

05 EXPERT COMMENTS

A successful disposal does not endorse every finding below — The High Court criticised the Tribunal's1% approach as prima facie unsupported, yet dismissed because changing the addition would produce no tax on these facts. Citing the dismissal as approval of a1% benchmark reverses that distinction. The relevant proposition is the limited reason for declining further examination.

Revenue neutrality depends on the income's source and eligibility — The Court's reasoning assumes the additional income qualified for80IB and Revenue traced no other source. Those premises matter: the order does not confer a general deduction on unrelated unexplained receipts or decide eligibility afresh for another business. A later application must establish its own source and deduction conditions.

Preserve the common order's identities and source limits — The caption lists21 appeals across two ranges, not one new2026appeal. All remain represented in this common-note docket; the order does not map individual assessment years or each group's detailed facts. Page3's isolated10B reference conflicts with repeated80IB reasoning, so the decisive provision is indexed and the inconsistency disclosed.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Gujarat High Court common order dated11 June2018

Complete5-page source order; filename-derived date corrected to date printed in the judgment.

All 5 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

The decisive discussion applies section 80IB of the Income-tax Act, 1961. An isolated section 10B reference on source page 3 is disclosed as inconsistent; individual assessment years are not specified. No 2025 Act equivalence is asserted.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not 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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