Commissioner of Income-tax v. Shivalik Hatcheries Pvt. Ltd.

ITR 6/1996

No neutral citation stated in source | 2008-06-24

Specially designed poultry sheds as plant under historical law; concern-based extra shift allowance subject to exclusions.

32 | 43(3) | 256(1)

High Court of Himachal Pradesh | Division Bench | Deepak Gupta | Kuldip Singh

Assessment years: 1982-83, 1983-84, 1984-85, 1985-86

01 FACTS OF THE CASE

For assessment years 1982-83 to 1985-86 the hatchery company claimed depreciation and investment allowance by treating poultry sheds and their water lines as plant. The Assessing Officer treated the sheds as buildings; the first appeal failed. The Tribunal accepted special technical design for lighting, ventilation, feeding, water, waste collection and medication, but excluded residential-quarter water lines. It also allowed extra shift allowance on sheds, fencing, well and water tank.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

The Court applied the functional approach to the historical inclusive definition of plant. Following Karnataka Power Corporation, it confined Anand Theatres to hotels and cinema theatres and relied on the Tribunal's findings about specialised poultry design. Possible adaptation to another use did not defeat classification. For extra shift allowance it followed South India Viscose: relevant operating days were those of the concern, subject to expressly excluded assets.

Source: PDF p.10

03 JUDICIAL DECISION

Both referred questions were answered against Revenue and for the assessee. The Court upheld the Tribunal's plant classification and extra shift allowance result and directed transmission of the judgment to the Chandigarh Tribunal.

Source: PDF p.13

04 OUTCOME / IN WHOSE FAVOUR

The favourable depreciation, investment allowance and extra shift allowance treatment survived for the stated historical years. The decision supplies no quantified allowance and does not extend plant classification to residential water lines or disregard excluded assets.

Source: PDF p.3

05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

Technical function, not the poultry label, supported classification — The accepted findings explain how the sheds controlled disease, airflow, feeding, waste and egg-laying conditions. For a comparable historical claim, plans and operational evidence must connect the structure to those productive functions. Mere occupation by a hatchery would not reproduce the reasoning; nor did the Court require that adaptation to another use be impossible.

Extra shift relief still required proof and asset screening — South India Viscose supplied a concern-based calculation rather than a separate operating-day test for each asset. Records proving actual double or triple shifts therefore remain material, and the listed exclusions still apply. Classification as plant alone is not a substitute for those conditions. The source alternates N.E.S.A. and S.E.S.A.; the quoted exclusion and applicable historical schedule must be consulted.

The amendment limits the reach of the historical result — The Court expressly records the building exclusion effective 1 April 2004, while these assessments span 1982-83 to 1985-86. The ruling cannot by itself establish eligibility under later statutory wording. Page 13's reference to section 243 is inconsistent with the sustained section 43(3) analysis; it should not be cited as the provision governing plant.

Source: PDF p.2

SOURCE & VERIFICATION

20080624_HPHC010013131996.pdf

Complete source PDF reviewed: 15 physical pages.

All 15 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All 15 source pages read and visually inspected. Page 13 prints section 243 although the analysis concerns section 43(3); page 15 prints S.E.S.A. while the quotation on page 14 uses N.E.S.A. These source inconsistencies are not adopted as statutory text.

STATUTORY SCOPE

Historical assessment years 1982-83 to 1985-86. The judgment expressly notes exclusion of buildings from section 43(3) from 1 April 2004.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has 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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