Commissioner of Income Tax-III & Anr. v. Hutti Gold Mines Co. Ltd.

I.T.A. No. 8/2014

I.T.A. No. 8/2014 (High Court of Karnataka, 2014-09-16) | 2014-09-16

Wind-power generation as a second business supported additional depreciation.

Income-tax Act,1961: sections 32(1)(iia), 260A

High Court of Karnataka | Division Bench | N. Kumar | Rathnakala

Assessment years: 2008-09

01 FACTS OF THE CASE

Hutti Gold Mines, engaged in gold extraction, commissioned a 4.5 MW windmill on 23 January 2008 at a cost of Rs.27,58,72,617. Besides normal depreciation at 80%, it claimed additional depreciation at 10%, Rs.2,75,87,268. The Assessing Officer refused the additional claim; CIT(A) allowed it and the Tribunal upheld that relief.

Source: PDF pp.2–4

02 DISCUSSION BY THE HON'BLE COURT

The Court treated electricity generated in the second business as an identifiable, tradable article or thing and its generation as akin to manufacture or production. It held that use of that electricity in the assessee's core gold-mining activity was not a prerequisite for the additional allowance.

Source: PDF p.4

03 JUDICIAL DECISION

Revenue's appeal was rejected. The allowance sustained by the appellate authorities remained undisturbed.

Source: PDF p.4

04 OUTCOME / IN WHOSE FAVOUR

The Court expressly left open the question of applicability of section 32(1)(iia) and whether it was clarificatory. Its reasoning on electricity and absence of a captive-use requirement must be read with that reservation, rather than as a decision of the temporal applicability issue.

Source: PDF pp.4–5

05 EXPERT COMMENTS

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

The independent power business mattered: The windmill was treated as a second line of business producing a tradable product. The Court did not require its output to be consumed in gold extraction. That answers the captive-use objection on this record, while leaving the asset and business facts important to applying the reasoning elsewhere. (PDF pp.3–4)

Do not turn the recorded rate into a universal entitlement: The figures describe the specific claim allowed below and sustained here. The judgment does not undertake a general computation of rates, periods of use or every statutory eligibility condition. Those questions require the relevant assessment facts and statutory version. (PDF p.3)

The express reservation controls the reach of the precedent: The final paragraph prevents describing the decision as holding an amendment retrospective or clarificatory. The supported result is additional-depreciation relief on the grounds actually addressed, with the stated applicability question left open. (PDF pp.4–5)

Source: PDF pp.3–4

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 5-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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