Commissioner of Income Tax-I v. Tractors & Farm Equipment Ltd.

T.C.(A) 73/2004

No neutral citation stated in source | 2007-08-27

Section 80HHC issue remitted because the Tribunal applied a provision effective after the relevant assessment year.

80HHC | 260A

High Court of Judicature at Madras | Division Bench | K. Raviraja Pandian | Chitra Venkataraman

Assessment years: 1991-92

Historical source review

The judgment is summarized as delivered. Subsequent appeals and current judicial treatment have not been verified.

01 FACTS OF THE CASE

For assessment year 1991-92, the assessment involved farm expenditure, building tax, voluntary retirement expenditure, machinery depreciation and a section 80HHC computation excluding cash compensatory support. CIT(A) granted relief and the Tribunal dismissed Revenue's appeal. Before the High Court, Revenue confined consideration to the third question concerning receipts and section 80HHC; the other two questions were stated to be factual.

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02 DISCUSSION BY THE HON'BLE COURT

The Court found that CIT(A) and the Tribunal had relied on Explanation (baa), which the judgment states became effective on 1 April 1992, although the assessment year was 1991-92. It also found the Tribunal's computation reasoning internally inconsistent. Reconsideration had to use the statutory provision applicable to the relevant assessment period.

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03 JUDICIAL DECISION

The tax case appeal was allowed, the Tribunal's order set aside and the issue remitted to the Tribunal for reconsideration under the applicable historical provision.

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04 OUTCOME / IN WHOSE FAVOUR

Revenue secured a remand on the section 80HHC issue. The Court did not determine the final export deduction or independently adjudicate the other factual questions.

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05 EXPERT COMMENTS

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

The assessment year controlled the statutory version — The error was application of a later-effective explanation to 1991-92. An export-profit computation therefore needs its statutory version identified before percentages and turnover ratios are used. The Tribunal's quoted 90-percent method is reproduced as the reasoning rejected for reconsideration, not as the formula approved by this Court.

Remand left the substantive computation open — Setting aside the Tribunal's order did not establish that every receipt must be excluded or that the Assessing Officer's original calculation was correct. The Tribunal was to decide the issue again under the provision available for that period. Neither a numerical deduction nor a general treatment of all incentives can be extracted from this disposition.

The narrowed hearing limits collateral reliance — Revenue expressly identified only the third question as requiring consideration. The background references to retirement expenditure, farm costs, building tax and machinery depreciation are not separate High Court holdings on those subjects. A case note or submission should confine the precedent to the statutory-version error and the ordered reconsideration.

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SOURCE & VERIFICATION

High Court of Judicature at Madras official judgment PDF (20070320_HCMA011819272004.pdf)

Complete 3-page court PDF read for this correction.

All 3 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All three original pages read and visually inspected. The prayer prints an invalid first-appellate date, 7.123.1994. Paragraph 5 prints Finance (No.2) Act 1992; this note does not independently certify that enactment description.

STATUTORY SCOPE

Assessment year 1991-92; the Court held Explanation (baa), effective 1 April 1992 as stated in the source, inapplicable to that year.

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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