Commissioner of Income Tax v. Thiagarajar Mills Ltd.

TC(A) Nos. 446, 830 and 831 of 2007

TCA446,830 and831/2007 (2007-06-11) | 2007-06-11

Export-deduction turnover exclusions and exchange fluctuation on replacement-machinery expenditure upheld on the precedents applied.

80HHC | 260A

High Court of Judicature at Madras | Division Bench | Justice P.D. Dinakaran | Justice P.P.S. Janarthana Raja

Assessment years: 1999-00, 1997-98, 1998-99

Scope of this order

The Tribunal's treatment of the disputed items remained undisturbed.

01 FACTS OF THE CASE

Revenue challenged Thiagarajar Mills assessments for AYs 1999-00, 1997-98 and 1998-99 respectively. The disputes concerned turnover for section 80 HHC and additional exchange liability connected with machinery replacement already treated as revenue expenditure.

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02 DISCUSSION BY THE HON'BLE COURT

Revenue conceded the turnover issue in light of Lakshmi Machine Works. On exchange fluctuation, the Court followed the assessee's earlier-year decision and noted the absence of a compelling reason to depart from it.

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03 JUDICIAL DECISION

All three Revenue appeals were dismissed as raising no substantial question of law; the connected miscellaneous petition was closed.

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04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's treatment of the disputed items remained undisturbed.

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05 EXPERT COMMENTS

Tie exchange treatment to the expenditure actually considered — The replacement-machinery expenditure had previously been claimed as revenue expenditure. This reasoning does not make every foreign-exchange movement on acquisition of capital machinery deductible as revenue expenditure.

Keep the turnover issue distinct — The section 80 HHC ground concerned the exclusions described in the question, including excise duty, sales tax and conversion charges. The Court disposed of it on the concession and precedent recorded; it did not conduct a fresh item-by-item computation.

Precedent controlled this appeal — The earlier-year decision was central, and Revenue could provide no compelling reason for departure. The judgment is not a freestanding rule for all machinery or all later statutory regimes.

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SOURCE & VERIFICATION

Primary High Court order - verified local repository copy

Complete 4-page court PDF read for this correction.

Complete source text and every original page visually reviewed; identity and SHA-256 checked. AI-assisted source analysis.

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All 4 physical source pages read and visually inspected. SHA-256: 99b167fb2a8fefef7f0af455a3a8df5fae6094150d9cde46ce25fabe76adb881.

STATUTORY SCOPE

This note describes the historical provisions addressed by the supplied judgment. Subsequent statutory changes and judicial treatment have not been independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent judicial treatment has not been independently verified.

AI DISCLOSURE

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