The Commissioner of Income Tax, Chennai v. M/s. Mohan Breweries and Distilleries Ltd.

TCA No. 201 of 2014 (in ITAT ITA No. 636/Mds/2010)

2025:MHC:2832 | TCA No. 201 of 2014 | 2025-12-10

Concurrent 80-IA and 80HHC deductions: separate computation subject to aggregate business-profit cap.

Income-tax Act,1961: sections 80-IA(9), 80HHC, 263, 260A

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Dr. Justice Anita Sumanth | Justice Mummineni Sudheer Kumar

Assessment years: 2004-05

01 FACTS OF THE CASE

Revenue appealed against the ITAT Chennai B Bench order dated 17 September 2010 in ITA 636/Mds/2010 for AY 2004-05. The admitted questions concerned section 80-IA(9), computation of section 80HHC relief and the Tribunal's quashing of section 263 revision.

Source: PDF pp.1–2, paras 1–2

02 DISCUSSION BY THE HON'BLE COURT

Both counsel agreed that Shital Fibres Ltd. v. CIT covered the issue. The Court explained the distinction between computing the deductions and restricting their aggregate allowance. It reproduced Associated Capsules, affirmed in the Supreme Court resolution, to show that combined relief cannot exceed 100% of business profits.

Source: PDF pp.2–4, paras 3–4

03 JUDICIAL DECISION

All substantial questions were answered for the assessee and against Revenue. The tax appeal was dismissed without costs.

Source: PDF p.4, para 5

04 OUTCOME / IN WHOSE FAVOUR

Tribunal's result sustained; concurrent deductions remain subject to the aggregate cap.

Source: PDF p.4, paras 4–5

05 EXPERT COMMENTS

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

Computation and allowance are separate steps: The decision does not require reducing the section 80-IA deduction before computing the other deduction. It does require limiting the aggregate amount actually allowed. Keeping the two stages separate avoids both Revenue's disputed computational reduction and an excessive combined claim. (PDF pp.3–4)

Use the illustration as an illustration: The quoted example has business profit 100, section 80-IA relief 30 and computed 80HHC relief 80; the latter is restricted to 70. These are explanatory figures, not Mohan Breweries' assessed amounts. A working paper applying the decision should show each deduction's computation and the subsequent aggregate restriction separately. (PDF p.4, quoted para 39)

The revision question follows the resolved deduction issue: The admitted questions included the Tribunal's reversal of section 263 revision, and all were answered for the assessee. The order does not develop an independent general test for revisional jurisdiction. Its practical foundation is the Supreme Court resolution of the concurrent-deduction controversy as applied to AY 2004-05. (PDF pp.2–4)

Source: PDF pp.3–4

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 4-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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