# Commissioner of Income Tax, Haryana, Rohtak v. Haryana Land Reclamation Development Corporation Ltd.

ITR 152/1996

ITR 152/1996 | 2007-03-26

## Agricultural ancillary receipts, historical section43B proviso and bonus

2(1A) | 43B

High Court of Punjab and Haryana | Chandigarh | M.M. Kumar | Rajesh Bindal

Assessment years: 1987-88

### 01 FACTS OF THE CASE

For AY 1987-88, the State undertaking's reference raised three issues: agricultural treatment of machinery and related receipts; retrospectivity of the Finance Act 1987 proviso to section 43B; and bonus for agricultural-farm employees deducted against taxable business income. Machinery receipts of Rs.3,40,304 included Rs.2 per labourer for transport to the farm. The officer treated 25% of receipts as business income by estimate.

Source: PDF pp.1–2

## 02 DISCUSSION BY THE HON'BLE COURT

The Court accepted the agricultural connection and absence of a vehicle-hire business supporting the Tribunal's treatment of the small ancillary receipts. It followed Allied Motors, 224 ITR 677, on the clarificatory 1987 section 43B proviso. On bonus, it adopted Brihan Maharashtra Sugar Syndicate, 80 CTR 196, because the Tribunal found identical facts and Revenue cited no contrary view.

Source: PDF pp.2–4

## 03 JUDICIAL DECISION

All three referred questions were answered against Revenue and in favour of the assessee. The Tribunal's conclusions on receipts, the historical proviso and bonus remained intact.

Source: PDF pp.3–4

## 04 OUTCOME / IN WHOSE FAVOUR

Assessee-favourable reference on three distinct grounds. The judgment does not classify all commercial tractor hire as agricultural income, make every later amendment to section 43B retrospective, or allow every expense associated with exempt income.

Source: PDF pp.2–4

## 05 EXPERT COMMENTS

Ancillary farm receipts require the factual agricultural connection — The Court relied on the accepted agricultural operations, small labour-transport charge and lack of evidence of a separate hiring business. An independent commercial vehicle-hire activity would not reproduce those facts merely because the equipment can be used on a farm. The officer's estimate and absence of details must be read with the Tribunal's accepted finding about the character of the activity.

Retrospectivity concerned the specific 1987 proviso — The Court followed Allied Motors on the proviso inserted by the Finance Act 1987 with effect from 1 April 1988, treating it as clarificatory. That historical holding addresses the stated amendment and AY 1987-88. It supplies no automatic answer for another amendment, another payment category or a later version of section 43B.

The bonus answer rests on factual identity with the cited case — The Tribunal found the facts identical to Brihan Maharashtra Sugar Syndicate, and the Court followed that view in the absence of contrary authority presented. This short treatment should not be recast as a universal expense-allocation rule for exempt agricultural income. A practitioner seeking a broader rationale must examine the cited decision and the actual employee and business arrangements.

Source: Editorial analysis; source references in the structured comments

## SOURCE & VERIFICATION

Punjab and Haryana High Court order; verified source copy

Complete source PDF reviewed: 4 physical pages.

All 4 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

## STATUTORY SCOPE

Sections and disposition are recorded only to the extent stated in this source order.

## LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not 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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