

Anglo-French Textile Co. Ltd. v. Commissioner of Income-tax, Madras

Civil Appeal No. 13 of 1952

[1953] SCR 448 | 1952-12-22

Historical loss determination and carry-forward in reassessment proceedings.

Indian Income-tax Act 1922 sections 10, 24(1), 24(2), 34, 66(1)

4-judge bench | Mehr Chand Mahajan J. | S.R. Das J. | Vivian Bose J. | N.H. Bhagwati J.

Scope and outcome limits

Historical Indian Income-tax Act 1922 provisions; no subsequent-treatment or current-law clearance is asserted. The general scope of reopening under section 34 was expressly left open. The officer's assertion that section 24(2) did not apply to non-residents is recited as the assessment reasoning, not adopted as the Supreme Court holding.

01 FACTS OF THE CASE

The company submitted a nil return for 1941-42, denying taxable British Indian business income. The officer accepted it. After a section 34 notice, the company again returned nil income and submitted a statement showing a world-business loss of Rs. 3,92,357. It sought formal determination and carry-forward of that loss. The loss came from the profit-and-loss account of its single business, with no income disclosed under another head. The claim failed before the tax authorities and High Court.

Source: [Primary report: SCR 449-452; PDF 2-5](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that the Act did not require a loss to be computed merely for the sake of recording it. On the then-applicable wording, carry-forward under section 24(2) depended on a loss not wholly set off under section 24(1). Section 24(1) addressed loss under one head against income under another; deductions within a single business head belonged to section 10. With no income disclosed under any head and only the net loss of one business, the statutory basis for the requested carry-forward was absent. The Court expressly declined to decide whether section 34 permitted reopening the entire assessment at the assessee's instance.

Source: [Primary report: SCR 452-454; PDF 5-7](#)

03 JUDICIAL DECISION

The referred question was answered against the company on the specific facts, and its appeal was dismissed with costs. It was not entitled to have the claimed loss determined and recorded for carry-forward in these proceedings. The High Court's broader proposition limiting reopening under section 34 was neither approved nor rejected.

Source: [Primary report: SCR 453-454; PDF 6-7](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue, on the requested loss determination and carry-forward.

Source: [Primary report: SCR 454; PDF 7](#)

05 AKHB REVIEW POINT

Identify the precise loss, the head under which it arises, any income against which set-off is claimed, and the statutory wording governing the assessment year. Keep an intra-head business computation distinct from inter-head set-off. Do not cite this judgment as deciding the general scope of reassessment, or as a present-day rule that all business-loss carry-forward requires income under another head.

Source: [Primary report: SCR 452-454; PDF 5-7](#)

SOURCE & VERIFICATION

[Supreme Court Reports primary scan — public eSCR mirror](#)

All 7 PDF pages read. First page includes the end of Strawboard Manufacturing; last page begins the distinct Civil Appeal No. 12 report.

[Open cited source rendition](#)

STATUTORY SCOPE

Historical Indian Income-tax Act, 1922 provisions; no present statutory equivalence or current-law clearance is asserted.

LATER TREATMENT

Source checked 2026-10-18. Subsequent treatment and current-law applicability have not been comprehensively checked.

[Related note: Anglo-French Textile Co. Ltd. v. Commissioner of Income-tax, Madras](#)

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from an identified primary report. Independent human review is not represented.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, applicable statutory version and subsequent treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding. No current-law clearance is claimed.