

Commissioner of Income-tax, West Bengal v H. Hirjee

Civil Appeal No. 75 of 1952

[1953] SCR 714 | 1953-04-17

Indian Income-tax Act, 1922, section 10(2)(xv)

Indian Income-tax Act, 1922, section 10(2)(xv) | Hoarding and Profiteering Ordinance, 1943, sections 6 and 13

4-judge bench | Patanjali Sastri CJI (author) | B. K. Mukherjea J. | S. R. Das J. | Ghulam Hasan J.

Scope and outcome limits

No current-law or subsequent-treatment clearance.

01 FACTS OF THE CASE

A selling agent spent Rs. 10,895 defending a prosecution for charging unreasonable prices and was acquitted. The Tribunal allowed the legal expenses as protecting business reputation, dismissing the risk of personal punishment. The High Court treated that conclusion as binding fact.

Source: [Primary report: SCR 715-717](#)

02 DISCUSSION BY THE HON'BLE COURT

Were the criminal-defence expenses incurred wholly and exclusively for business, and was the Tribunal's conclusion insulated from review as a factual finding? The Tribunal had misconceived a prosecution expressly carrying imprisonment or fine and wrongly required Revenue to establish that risk. Its finding was therefore not binding. The defence could not readily be separated from protecting the accused against conviction and punishment, and the expenditure did not satisfy the statutory test here. Deductibility depended on the nature and purpose of the proceedings, not whether the defence ultimately succeeded. Civil litigation incidental to business was distinguished.

Source: [Primary report: SCR 716-718; SCR 717-719](#)

03 JUDICIAL DECISION

Revenue's appeal was allowed; the reference was answered negatively, with costs in both courts.

Source: [Primary report: SCR 719](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeal was allowed; the reference was answered negatively, with costs in both courts.

Source: [Primary report: SCR 719](#)

05 AKHB REVIEW POINT

Assess the purpose of legal expenditure and the statutory context, rather than treating acquittal as sufficient for deduction. Do not convert this historical fact-specific ruling into an unsupported statement about every modern criminal-defence expense.

Source: [Primary report: SCR 718-719](#)

SOURCE & VERIFICATION

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

All six PDF pages / SCR 714–719 belong to target; opinion starts SCR 715.

[Open cited source rendition](#)

STATUTORY SCOPE

Historical statutory text and assessment period only. Present statutory equivalence and later judicial treatment are not cleared.

LATER TREATMENT

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

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.