Commissioner of Income-tax, Madras v. Mysore Chromite Ltd.

Civil Appeal 117 of 1953

[1955] 1 SCR 849 | 1954-11-01

Income-tax Act 1922, sections 4, 66(1)

Income-tax Act 1922, sections 4, 66(1) | Sale of Goods Act, sections 4, 18, 23, 25

5-judge bench | Mehr Chand Mahajan C.J. | S. R. Das | Ghulam Hasan | Bhagwati | Venkatarama Ayyar

Historical statutory scope and outcome limits

The parties agreed that profit arose where sales occurred; the Court proceeded on that premise. Whether title passed still later after final destination assay was left undecided. Historical statutory setting; no later-treatment or current-law clearance is claimed.

01 FACTS OF THE CASE

Mysore ore exports were shipped FOB Madras, with seller-held bills of lading and payment through London irrevocable credits. The seller negotiated documentary drafts with its Madras bank before London acceptance and receipt.

Source: Primary report: SCR 852–855

02 DISCUSSION BY THE HON'BLE COURT

FOB delivery and passage of risk were not conclusive where the seller reserved disposal through title documents. Property could not pass before London acceptance and delivery of documents. The Madras bank’s advance to its customer was not payment by the purchaser; the sale price was first received by the seller’s London agent.

Source: Primary report: SCR 856–861

03 JUDICIAL DECISION

Both referred questions were correctly answered in the assessee’s favour: profits arose and were received outside British India. Revenue’s appeal dismissed with costs.

Source: Primary report: SCR 861

04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeded.

Source: Primary report: SCR 861

05 AKHB REVIEW POINT

Distinguish negotiation of export drafts as finance from actual receipt of price. Examine reserved disposal and contractual banking roles, rather than relying only on the FOB label.

Source: Primary report: SCR 856–861

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SOURCE & VERIFICATION

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STATUTORY SCOPE

Historical predecessor legislation only; this is not a decision applying the Income-tax Act, 1961. Verify the applicable statutory text separately.

LATER TREATMENT

Source checked 2026-10-21. 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.

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