Commissioner of Income-tax, Delhi v. Delhi Flour Mills Co. Ltd.

Civil Appeal No. 211 of 1955

[1959] Supp. 1 SCR 28 | 1958-10-03

Historical interpretation: Excess Profits Tax Act, 1940

Excess Profits Tax Act, 1940 | Managing-agency agreement of 1936

3-judge bench | T. L. Venkatarama Aiyar | P. B. Gajendragadkar | A. K. Sarkar

Historical statutory scope and source qualifications

The Court expressly did not decide whether income-tax should be deducted under this agreement or the general distinction between income-tax and excess profits tax. Historical legislation; current treatment has not been independently cleared.

01 FACTS OF THE CASE

The company promised its managing agents fixed monthly remuneration plus ten per cent of annual net profits, after specified expenses and before reserves. The excess-profits-tax assessment required deciding whether that tax reduced the contractual commission base.

Source: Primary report: SCR Supp. (1) 28–30

02 DISCUSSION BY THE HON'BLE COURT

The agreement was construed as sharing divisible profits. Its list of deductions was not exhaustive. Profits taken by the State as excess profits tax were unavailable for division between company and agents. Other agreements and the Companies Act provision applicable only to later agreements did not alter this construction.

Source: Primary report: SCR Supp. (1) 30–37

03 JUDICIAL DECISION

Excess profits tax must be deducted when calculating the annual net profits under this particular agreement.

Source: Primary report: SCR Supp. (1) 38

04 OUTCOME / IN WHOSE FAVOUR

Revenue appeal allowed with costs in the Supreme Court and High Court; the referred question was answered affirmatively.

Source: Primary report: SCR Supp. (1) 38

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05 AKHB REVIEW POINT

Read the exact remuneration agreement. The judgment decides a contractual commission base and does not announce that income-tax is generally deductible in computing taxable profits.

Source: Primary report: SCR Supp. (1) 33, 35–38

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 11-page Supreme Court Reports scan. Any adjoining report fragments remain in the unchanged original and are excluded from this analysis.

Open cited source rendition

STATUTORY SCOPE

Historical legislation expressly identified in this note. This is not a decision under the Income-tax Act, 1961 or the Income-tax Act, 2025. Verify enacted wording, commencement, transition and subsequent judicial treatment independently before modern reliance.

LATER TREATMENT

Source checked 2026-10-23. Subsequent treatment and present-law applicability have not been comprehensively checked.

AI DISCLOSURE

This AKHB research note uses AI assistance and a preserved full-primary review, with refreshed exact original-byte verification. Independent human review is not represented.

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