Indian Molasses Co. (Private) Ltd. v. Commissioner of Income-tax, West Bengal

Civil Appeal No. 395 of 1957

[1959] Supp. (2) SCR 964 | 1959-05-05

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

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

3-judge bench | B. P. Sinha | J. L. Kapur | M. Hidayatullah

Historical statutory scope and source qualifications

Historical statutory provisions; subsequent treatment and current-law applicability have not been verified.

01 FACTS OF THE CASE

Company funded trustees with Rs 1,09,643 and annual premiums for deferred annuities for managing director Harvey and wife. Policy allowed surrender and repayment on specified contingencies before retirement date, potentially restoring funds to company through resulting trust.

Source: Primary report: SCR 966–969

02 DISCUSSION BY THE HON'BLE COURT

Reference was narrowly whether expenditure existed; capital/revenue and business-purpose ingredients were not finally before Court. Under these arrangements company retained contingent dominion, unlike irrevocable discharge of an existing liability. Actual accrued liability must be distinguished from a reserve for a liability that may never arise.

Source: Primary report: SCR 969–974, 978–986

03 JUDICIAL DECISION

Payments were not irretrievably spent in accounting years but set apart for contingent liability; no deductible expenditure under the referred limb of section 10(2)(xv).

Source: Primary report: SCR 982–986

04 OUTCOME / IN WHOSE FAVOUR

Assessee appeal dismissed with costs; High Court negative answer sustained. Court corrected its second supposed policy contingency but upheld result on actual policy terms.

Source: Primary report: SCR 973, 986

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05 AKHB REVIEW POINT

Read trust and surrender/refund rights closely; do not describe this as deciding every pension contribution capital or non-business. Later Indian Molasses litigation is a separate decision.

Source: Primary report: SCR 969–971, 982–986

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 23-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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