Calcutta Company Ltd. v. Commissioner of Income-tax, West Bengal

Civil Appeal No. 213 of 1955

[1960] 1 SCR 185 | 1959-05-12

Historical interpretation: Indian Income-tax Act, 1922, sections 10(1), 10(2)(xv)

Indian Income-tax Act, 1922, sections 10(1), 10(2)(xv)

3-judge bench | S. R. Das | N. H. Bhagwati | 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

Land developer on mercantile accounts credited full sale price Rs 43,692-11-9 although only Rs 29,392-11-9 was received. Sale deeds imposed unconditional development obligations; estimated Rs 24,809 liability was debited before actual spending and disallowed below.

Source: Primary report: SCR 186–190

02 DISCUSSION BY THE HON'BLE COURT

Unconditional sale-deed obligations accrued at sale; future discharge and estimation uncertainty did not make them contingent. Authorities could scrutinize estimate. Section 10(2) deductions were not exhaustive: commercial profit under 10(1) required deducting incidental business liabilities absent statutory prohibition.

Source: Primary report: SCR 190–199

03 JUDICIAL DECISION

Estimated accrued development liability was deductible under section 10(1); Court did not need to decide alternative interpretation of expenditure under 10(2)(xv).

Source: Primary report: SCR 198–199

04 OUTCOME / IN WHOSE FAVOUR

Appeal allowed; High Court judgment set aside; referred deduction question answered affirmatively; Revenue to pay costs throughout.

Source: Primary report: SCR 199–200

05 AKHB REVIEW POINT

Identify enforceable accrued liability and substantiate estimate; this is not permission to deduct every future-cost reserve. Check later statutory/accounting rules separately.

Source: Primary report: SCR 191–194, 199

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SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

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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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