Commissioner of Income-tax, Bombay v. Chandulal Keshavlal & Co., Petlad

Civil Appeal No. 167 of 1958

[1960] 3 SCR 38 | 1960-02-17

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

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

3-judge bench | S. K. Das | 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

Managing agent accepted Rs 1 lakh of Rs 3,09,114 commission for accounting year 1950, relinquishing Rs 2,09,114 at managed company directors' request to strengthen its finances. Tribunal treated full commission as accrued but allowed relinquished amount as business expenditure.

Source: Primary report: SCR 39–43

02 DISCUSSION BY THE HON'BLE COURT

Commercial expediency is tested from assessee's business perspective. Voluntary expenditure and indirect benefit can qualify although another entity also benefits. Expenditure solely fostering another business, profit distribution, bounty or improper purpose does not qualify. Tribunal's supported factual finding governs.

Source: Primary report: SCR 43–49

03 JUDICIAL DECISION

Evidence supported Tribunal's finding that remission strengthened the managed company and thereby benefited managing agent's linked commission business; deduction under section 10(2)(xv) allowed.

Source: Primary report: SCR 49–50

04 OUTCOME / IN WHOSE FAVOUR

Revenue appeal dismissed with costs; High Court decision sustained.

Source: Primary report: SCR 50

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05 AKHB REVIEW POINT

Keep this post-accrual deduction analysis distinct from adjacent Harivallabhdas pre-accrual contract variation case. Record business nexus and supporting evidence; third-party benefit alone neither grants nor defeats deduction.

Source: Primary report: SCR 40, 48–50

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 13-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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