Commissioner of Income-tax, Ahmedabad v. Karamchand Premchand Ltd., Ahmedabad

Civil Appeal No. 304 of 1958
[1960] 3 SCR 727 | 1960-04-28

Historical interpretation: Business Profits Tax Act, 1947: sections 2(3), 4 and 5 third proviso

Business Profits Tax Act, 1947: sections 2(3), 4 and 5 third proviso

3-judge bench | S. K. Das | J. L. Kapur | M. Hidayatullah

Historical statutory scope and source qualifications

Historical Business Profits Tax Act only; current treatment not checked. Distinct from the later Karamchand Premchand reserve/provision litigation.

01 FACTS OF THE CASE

The assessee earned managing-agency profits in British India and incurred pharmaceutical business losses in Baroda. The Tribunal refused to offset those losses; the High Court permitted adjustment.

Source: Primary report: SCR 727–730

02 DISCUSSION BY THE HON'BLE COURT

Section 5 included the Baroda business; its third proviso exempted income, profits and gains unless brought into India, without excluding the business itself. This differed from provisos excluding entire businesses. In that context the phrase did not encompass losses.

Source: Primary report: SCR 731–741

03 JUDICIAL DECISION

Losses of the Baroda business could be set off against the taxable business profits under the historical Business Profits Tax scheme. Capital-computation objections did not justify rewriting the provision.

Source: Primary report: SCR 739–742

04 OUTCOME / IN WHOSE FAVOUR

The Revenue appeal was dismissed with costs.

Source: Primary report: SCR 742

05 AKHB REVIEW POINT

Distinguish exclusion of a business from exemption of its income. This result depends on the precise third proviso and should not be generalised to loss from exempt income under other legislation.

Source: Primary report: SCR 733–742

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SOURCE & VERIFICATION

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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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