

The Commissioner of Income-tax, Hyderabad v. Dewan Bahadur Ramgopal Mills Ltd.

Civil Appeal No. 5 of 1959 — Single Supreme Court civil appeal disposed of by the target judgment.

[1961] 2 SCR 318 | 1960-11-08

The 1956 removal-of-difficulties explanation validly required inherited depreciation adjustments in the first central assessment, applied retrospectively and did not violate Article 14.

Indian Income-tax Act, 1922; Hyderabad Income-tax Act; Finance Act, 1950 | 1922 Act: 10(2)(vi), proviso(c) | 1922 Act: 10(5)(b) | 1922 Act: 60A (earlier notification not decided) | 1922 Act: 66(1) | 1922 Act: 66A(2)

5 Judges | S. K. Das | M. Hidayatullah | K. C. Das Gupta | J. C. Shah | N. Rajagopala Ayyangar

01 FACTS OF THE CASE

The company had received depreciation under Hyderabad law, which built earlier notional depreciation into written-down value. On its first central assessment for 1951–52, it sought to subtract only depreciation actually allowed in three Hyderabad assessment years from original cost. The Tribunal accepted that calculation. The High Court also favoured the company, rejecting a 1953 explanation issued under section 60A. While Revenue's appeal was pending, an identical explanation was issued in 1956 under section 12 of the Finance Act, 1950. The argument then centred on that later source of power.

Source: [SCR 320–324; facts and procedural record](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court found a genuine transition difficulty. Hyderabad law had been repealed by the Finance Act rather than the Income-tax Act, so the latter's ordinary written-down-value wording did not neatly carry prior depreciation into the new regime. Counting only allowances actually granted could increase depreciation on transition, contrary to the declining-value scheme. The explanation harmonized the position by including the aggregate depreciation taken into account or carried forward under the prior law. Section 12 left the executive to determine and remove such difficulties. Its purpose included removal from the time the difficulty arose, supporting the express retrospective language. Article 14 did not require taxpayers arriving from different prior depreciation systems to receive identical starting values; the order treated those in like circumstances alike.

Source: [SCR 325–329; judicial reasoning; opinion boundaries preserved](#)

03 JUDICIAL DECISION

The 1956 notification was within section 12, applied to the 1951–52 assessment and survived the equality challenge. The Court therefore answered the reference for Revenue and set aside the High Court's order. It expressly found it unnecessary to decide the validity of the separate 1953 notification or the High Court's reasons for rejecting that earlier instrument.

Source: [SCR 327–330; holding and expressed limits](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeal allowed. The company could not calculate depreciation by ignoring the prior-law depreciation aggregate brought in by the 1956 explanation. No order for Supreme Court hearing costs, because Revenue succeeded through the 1956 notification.

Source: [SCR 330-330; operative disposition and costs](#)

05 AKHB REVIEW POINT

Separate the enabling powers and dates of successive instruments. The result validates this transition explanation under Finance Act section 12; it is not a general authority for retrospective delegated tax legislation. Preserve the distinction between depreciation previously allowed and depreciation built into inherited written-down value. A later transition or block-depreciation provision requires its own wording, purpose and savings analysis, and cannot be resolved merely by invoking the desirability of declining allowances.

Source: [SCR 323-330; editorial analysis based on the indicated reasoning](#)

ORIGINATING PROCEEDINGS

1.

Case numbers: Reference No. 347/B-5/2 of 1953-54

Relationship: Hyderabad High Court originating reference, as printed; judgment 16 February 1954

SOURCE & VERIFICATION

Original reported Supreme Court judgment

13-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All 13 physical pages/SCR318-330. Fivejudge target caption/headnote p 1-3, S.K.DasJ opinion p 3-13.1953 notification under 60A left unexamined;1956 notification under Finance Act 12 decisive. Target ends above p 13 rule; BastiSugar industrialdispute headnote below excluded.

Open cited source rendition

Basti Sugar Mills begins below the p 13 dividing rule and is excluded.

The 1922 Act, Hyderabad statute and Finance Act 1950 perform different roles; the 1953 and 1956 notifications are not conflated.

STATUTORY SCOPE

Indian Income-tax Act, 1922; Hyderabad Income-tax Act; Finance Act, 1950; 10(2)(vi), proviso(c), 10(5)(b), 60A (earlier notification not decided), 66(1), 66A(2)

The Finance Act 2011 section 43(6)(b) refers to depreciation actually allowed under the 1961 Act, the 1922 Act and specified earlier law; a separate block-of-assets limb follows. This is a bounded comparison of wording, not verification that the 1956 Hyderabad explanation governs a later asset computation.

No corresponding 2025 provision was verified for the depreciation and transition provisions; no renumbering or present-law equivalence is asserted.

The operative historical law is identified separately. Only the stated later statutory versions and passages were checked; comprehensive subsequent history and applicability to a particular later tax year remain unverified.

Other provisions addressed: Finance Act, 1950, sections 3, 12, 13; Hyderabad Income-tax Act, section 12(5)(c); Taxation Laws (Part B States) (Removal of Difficulties) Order, 1950, paragraph 2 and 1956 Explanation; Constitution, Article 14

LATER TREATMENT

Source checked 2026-10-08. No specific later judicial treatment is adopted except where expressly stated.

No later primary application of the precise 1956 transition explanation has yet been checked. The judgment does not establish a general retrospective power under other enabling provisions.

Earlier authorities discussed within the target judgment are not treated as later-use evidence.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961: Section 43\(6\)\(a\), \(b\)](#)

DOR-hosted Taxmann compilation, as amended by Finance Act 2011 Only identified statutory limbs on these pages, plus version page 42. Not a current consolidated text, Gazette-original authentication, whole-Act or image review. Only the named 2011 provisions are compared. Text pages read: 316–317.

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

PROFESSIONAL DISCLAIMER

AI-assisted legal research note for general information and professional research. It is not legal or tax advice. Verify the original judgment, applicable statutory version and subsequent judicial treatment before relying on it. The AKHB Review Point is editorial analysis, not part of the Court's judgment.