

The Travancore Rubber and Tea Co. Ltd. v. Commissioner of Agricultural Income-tax, Kerala

Civil Appeals Nos. 290 to 292 of 1959

[1961] 3 SCR 279 | 1960-12-15

Kerala agricultural income tax: upkeep and maintenance expenditure on immature rubber trees was deductible against plantation income despite producing no return in that year.

Travancore-Cochin Agricultural Income-tax Act, 1950: sections 3, 5(j) and 60(1)

3-judge bench | J. L. Kapur, J. | M. Hidayatullah, J. | J. C. Shah, J.

Assessment years: 1951-52, 1952-53, 1953-54

Historical state agricultural-income statute

The ruling interprets the Travancore-Cochin Agricultural Income-tax Act, 1950 as it applied to three early assessment years; it does not state a current federal income-tax or Kerala agricultural-tax rule.

01 FACTS OF THE CASE

The assessee operated a rubber plantation containing both mature yielding trees and immature trees. For accounting years 1950, 1951 and 1952, corresponding to assessment years 1951-52, 1952-53 and 1953-54, it claimed expenditure of Rs.19,056-0-9, Rs.59,271-9-5 and Rs.42,660-4-1 respectively for upkeep and maintenance of the immature portions. The Agricultural Income-tax Tribunal allowed the first two claims but rejected the third. The Kerala High Court answered each reference against the assessee, reading the phrase 'the agricultural income' in section 5(j) as limiting deduction to expenditure connected with income obtained in the same accounting year.

Source: [Three references, plantation areas, expenditure and High Court view: SCR pp.280-282 / PDF pp.2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 5(j) allowed non-capital, non-personal expenditure laid out wholly and exclusively for deriving agricultural income. The Court held that the High Court had erred by using the definite article 'the' to require a same-year return from the trees on which expenditure was incurred. Following *Vallambrosa Rubber Co. Ltd. v. Farmer*, it treated superintendence, weeding and comparable maintenance across the whole estate as deductible even though immature trees had not yet yielded rubber. *Assam Bengal Cement* was distinguished: it addressed capital expenditure incurred to acquire an income-earning asset, whereas the present items were operational plantation expenses.

Source: [Construction of section 5\(j\), Vallambrosa and capital/revenue distinction: SCR pp.282-284 / PDF pp.4-6](#)

03 JUDICIAL DECISION

The Court allowed all three appeals, set aside the Kerala High Court judgments and answered the referred questions in favour of the assessee. It awarded the assessee costs in the Supreme Court and the High Court, with one hearing fee in the Supreme Court.

Source: [Operative allowance of the appeals and reference answers: SCR p.284 / PDF p.6](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee. The maintenance expenditure for immature rubber trees was deductible against plantation profits under the historical provision even though those trees produced no return during the relevant year. The decision does not determine deductibility under a later amended provision or a current statute.

Source: [Deductibility holding and final relief: SCR pp.283-284 / PDF pp.5-6](#)

05 AKHB REVIEW POINT

AKHB analysis: classify plantation outlays by their commercial function and capital character, rather than denying them solely because a particular plant has not yielded in the same year. Preserve block-wise acreage, maturity, activity and expense records. Before relying on this result, compare the exact wording of the currently applicable state statute and any later amendment governing immature-plant expenditure.

Source: [AKHB analysis based on the same-year return and operational-expense reasoning](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 6-page SCR source file read and visually inspected; the preceding decision ending at the top of PDF p.1 and the editorial headnote on PDF pp.1-2 were separated from the unnumbered judicial opinion beginning on PDF p.2.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and six-page count match catalogue asset 1961_3_279_284; all pages were read and visually inspected.

The report verifies Civil Appeals Nos. 290 to 292 of 1959, the 15 December 1960 decision date and the three-member bench.

The source contains three references covering accounting years 1950, 1951 and 1952; the different Tribunal outcomes are preserved in the facts rather than collapsed.

STATUTORY SCOPE

This decision construes section 5(j) of the Travancore-Cochin Agricultural Income-tax Act, 1950 for assessment years 1951-52 to 1953-54. Later amendments, the present Kerala agricultural-income regime and current treatment have not been checked.

LATER TREATMENT

Source checked 2026-10-10. Later judicial treatment and present statutory applicability have not been comprehensively checked; no current citator clearance is represented.

AI DISCLOSURE

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

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