

Commissioner of Income-tax, New Delhi v. M/s. Chuni Lal Moonga Ram

Civil Appeals Nos. 39 and 40 of 1960

[1962] 2 SCR 823 | 1961-05-05

Different historical tax statutes produced different results for Bhatinda bullion losses: income-tax deduction survived, but excess-profits-tax deduction failed.

Excess Profits Tax Act, 1940: section 5, third proviso | Indian Income-tax Act, 1922: sections 10(1), 14(2)(c), 24(1), 42, 66(2) and 66A(2)

3-judge bench; unanimous judgment delivered by S. K. Das, J. | S. K. Das, J. | M. Hidayatullah, J. | J. C. Shah, J.

Assessment years: 1946-47, Excess-profits-tax chargeable accounting period ending 6 February 1946

Historical statutory setting

Historical 1922 Act and Excess Profits Tax Act territorial rules concerning an Indian State outside British India; no automatic application to current cross-border loss or speculation provisions.

Source and scope caution

The catalogue records only Civil Appeal No.39 of 1960; the signed report covers Civil Appeals Nos.39 and 40 of 1960 with opposite results.

Additional scope caution

The income-tax appeal was disposed of following Revenue's concession; the substantive statutory reasoning concerns excess profits tax.

No current-law clearance

Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

01 FACTS OF THE CASE

The Delhi bullion firm entered telephone, letter and telegram forward transactions with Bhatinda parties, without a branch or agent there and without intended delivery. It claimed losses of Rs.6,366 and Rs.16,615. The Tribunal allowed the losses and the Punjab High Court answered the income-tax and excess-profits-tax reference questions for the firm (SCR pp.824-827; PDF pp.2-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Revenue conceded that the income-tax answer could not be disputed in view of Indo-Mercantile Bank. Excess profits tax required a separate analysis: the third proviso to section 5 excluded the Indian-State part of the business and deemed it separate, so its losses could not reduce the taxable business profits. The High Court could not replace the factual premise that the losses arose in Bhatinda with its own finding of Delhi accrual. The Court expressly accepted that the proviso would not apply if the whole income had arisen in Delhi (SCR pp.827-832; PDF pp.5-10).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

Civil Appeal No.39 of 1960 was dismissed; Civil Appeal No.40 of 1960 was allowed. The excess-profits-tax reference question was answered for Revenue and against the firm. Because success was divided, each party bore its own costs in both appeals (SCR p.832; PDF p.10).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

Mixed final result: assessee on income tax, following Revenue's concession; Revenue on excess profits tax because the Bhatinda loss belonged to the separately excluded business (SCR pp.827, 832; PDF pp.5, 10).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: prepare a separate charging, territorial-scope and loss-computation analysis for each tax statute; an income-tax result need not control a different levy. Preserve the Tribunal's factual findings and the reference questions rather than recasting the transaction geography at the reference stage. The decision is confined to its historical statutory setting.

Source: [Primary judgment: review point](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 10-page SCR asset read in page-preserving text and visually inspected; the complete judgment runs from SCR 823 to 832.

Open cited source rendition

Catalogue source 1962_2_823_832: SHA-256

2f2ced324a70c43b49ca218a6a718aa7697a453ab5bfa84c39714321765151bd, 10 pages, read and visually inspected in full.

The published original preserves the exact catalogue bytes and verified hash.

The source verifies identity, bench, provisions, opinion structure and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

Historical 1922 Act and Excess Profits Tax Act territorial rules concerning an Indian State outside British India; no automatic application to current cross-border loss or speculation provisions.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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General legal and tax research only; not legal or tax advice. Verify the original judgment, the governing historical statute and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.