

Commissioner of Income Tax, New Delhi v. Anant Rao B. Kamat

Civil Appeals Nos. 687 and 688 of 1963

[1964] 8 SCR 263 | 1964-05-08

Dividend grossing-up: statutory rebates under the Part B States Concession Order were ignored when applying the section 16(2) rate formula.

Indian Income Tax Act, 1922: sections 16(2) and 60A | Part B States (Taxation Concession) Order, 1950

3-judge bench | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1951-52, 1952-53

Mechanical statutory formula

The Court applied the year-of-payment rate and expressly ignored rebate as section 16(2) directed.

Rebate included other statutory orders

The term was not limited to Finance Act rebates.

01 FACTS OF THE CASE

The assessee received dividends from two companies whose Part B State profits attracted rebates under the 1950 Concession Order. For two assessment years he sought grossing-up under section 16(2) at the Finance Act rate without reducing it for those rebates. The Income Tax Officer instead used the lower State rate; the Tribunal and Rajasthan High Court accepted the assessee's position.

Source: [Case identity, facts and procedural history](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court gave effect to the words "without taking into account any rebate allowed". Section 16(2) used the rate for the financial year of payment or credit, not the year in which the company earned profits. The Concession Order itself described the relief as rebate, and section 60A's power to grant exemption or other modification was broad enough to support it. Neither a prescribed certificate form nor the source of the rebate narrowed the statutory term.

Source: [Court's reasoning and statutory analysis](#)

03 JUDICIAL DECISION

The Court dismissed Revenue's appeals with costs and affirmed the assessee's grossing-up method.

Source: [Holding and operative order](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee/respondent. The concession-order rebate was ignored for the section 16(2) calculation.

Source: [Operative result](#)

05 AKHB REVIEW POINT

AKHB analysis: when a tax formula specifies the relevant year, rate and adjustments to disregard, follow that sequence exactly. Administrative forms cannot override the statute, and labels used in concession instruments should be reconciled to the charging and computation provisions.

Source: [Primary reasoning underlying the AKHB analysis](#)

SOURCE & VERIFICATION

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

Full 10-page SCR report read and checked. The editorial headnote was distinguished from the judgment text and operative order.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 10-page count match catalogue asset 1964_8_263_272; the full extracted report and operative pages were reviewed.

The source verifies Civil Appeals Nos. 687 and 688 of 1963, the stated bench, issues, reasoning and operative result.

No published AKHB note or archived reviewed record with this source hash, case identity and operative decision was found.

STATUTORY SCOPE

The ruling concerns the former dividend grossing-up system and Part B States concessions. That statutory mechanism is historical and not a statement of current dividend taxation.

LATER TREATMENT

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

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.