

Commissioner of Income-tax, Delhi and Rajasthan v. M/s. Bharat Carbon and Ribbon Manufacturing Co.

Civil Appeal No. 106 of 1965

[1966] 3 SCR 170 | 1965-12-17

Post-Partition advance-tax credit: an amount already adjusted in Pakistan could not be credited again against the Indian assessment.

Indian Income-tax Act, 1922: section 18A(11) and section 66(1) | Indian Independence Act, 1947: section 18(3) | Indian Independence (Rights, Property and Liabilities) Order, 1947: section 9 (argument not decided)

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

Assessment years: 1947-48

Partition-era statutory adaptation only

The holding concerns one pre-Partition advance-tax payment and parallel 1947-48 assessments under specially adapted historical law. It is not a current foreign-tax-credit or treaty precedent without separate statutory and treaty review.

01 FACTS OF THE CASE

The public limited assessee manufactured and sold stationery goods and had its registered and head offices at Lahore before Partition. For AY 1947-48, with calendar year 1946 as the accounting period, it paid advance tax in Lahore between June 1946 and March 1947. Pakistan completed a regular assessment on 28 January 1948 and adjusted the advance tax. The Indian officer later assessed total income of Rs.38,916 in March 1952. The Appellate Assistant Commissioner denied a second credit, while the Tribunal and Punjab High Court treated section 18A(11) as requiring credit in the Indian assessment. The source statement gives the original advance-tax payment as Rs.36,783/6, while the quoted appellate order uses Rs.47,513 in describing Pakistan's adjustment; neither the discrepancy nor Pakistan's computations was independently recalculated.

Source: [Reference questions, assessments and advance-tax figures: SCR pp.171-173 / PDF pp.2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 18(3) of the Indian Independence Act continued the pre-existing law in each new Dominion with necessary adaptation. That changed the incidents of the single advance-tax payment: what had formerly been credited against one British-Indian regular assessment became relevant to regular assessments in both India and Pakistan. Each Dominion could apply section 18A(11), but the adaptation did not duplicate the money. Once Pakistan had actually given credit for and adjusted the payment, no amount remained for another Indian credit. Dwarka Dass was distinguished because it proceeded on the absence of completed Pakistan regular assessments and concerned excess payments. The Court found it unnecessary to interpret section 9 of the 1947 Rights, Property and Liabilities Order.

Source: [Competing arguments and section 18\(3\): SCR pp.173-174 / PDF pp.4-5](#); [No duplicated credit and Dwarka Dass distinction: SCR pp.174-175 / PDF pp.5-6](#)

03 JUDICIAL DECISION

The Court held that the adapted law did not create a second advance-tax fund. Because Pakistan had made the regular assessment and used the advance-tax payment, the assessee could not require the Indian authorities to credit it again. Both referred questions were answered in the negative and against the assessee; the High Court judgment was set aside and Revenue's appeal was allowed with costs in both courts.

Source: [Holding and operative allowance: SCR pp.174-175 / PDF pp.5-6](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue. The assessee received no second Indian credit for advance tax already adjusted in Pakistan, and the High Court's contrary answers were reversed. No section 9 interpretation or modern cross-border-credit rule was decided.

Source: [Final answers and costs: SCR p.175 / PDF p.6](#)

05 AKHB REVIEW POINT

AKHB analysis: for a historical tax credit, trace one payment through each assessment and adjustment rather than assuming that parallel taxing jurisdictions multiply the underlying credit. Preserve any inconsistent figures in the primary report, identify whether each foreign or successor-jurisdiction assessment was actually completed, and separate the Court's statutory-adaptation reasoning from modern treaty or foreign-tax-credit provisions that require fresh analysis.

Source: [AKHB analysis source: payment history, adapted law and actual Pakistan adjustment](#)

SOURCE & VERIFICATION

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

Full six-page SCR report read and visually checked. The editorial headnote on PDF p.1 was distinguished from Sikri J.'s judgment beginning on PDF p.1; the reduced-image text on PDF pp.2, 5 and 6 was separately OCR-read against the page images through the operative order.

Open cited source rendition

Exact source bytes, SHA-256 and six-page count match catalogue asset 1966_3_170_175; every page was visually checked, with OCR used for the reduced-image pages.

The judicial text verifies Civil Appeal No. 106 of 1965, decision on 17 December 1965, the three-member bench and AY 1947-48.

The report itself gives Rs.36,783/6 as advance tax in the statement of case but later quotes the Appellate Assistant Commissioner as using Rs.47,513; the note does not silently reconcile those source figures.

The 1999 Bharat Carbon excise-liability record concerns a different judgment, assessment issue, citation and source hash; no matching record for this 1965 decision exists in content/supreme-court-cases.json.

STATUTORY SCOPE

The case turns on the repealed Indian Income-tax Act, 1922 as adapted between the new Dominions immediately after Partition and on the Indian Independence Act, 1947. It does not establish a present advance-tax-credit, foreign-tax-credit or treaty rule.

LATER TREATMENT

Source checked 2026-10-10. Later treatment, any modern statutory analogue and present cross-border credit rules 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.

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