

Commissioner of Income-tax, Madras v. Mahalakshmi Textile Mills Ltd.

Civil Appeal No. 784 of 1966

[1967] 3 SCR 957 | 1967-05-05

Tribunal power: alternative repairs allowance for the same disputed expenditure.

Indian Income-tax Act, 1922: sections 10(2)(v), 10(2)(vi-b) and 33(4)

3-judge bench | J. C. Shah, J. | S. M. Sikri, J. | V. Ramaswami, J.

Assessment years: 1956-57

Same expenditure; factual repair finding

The allowance concerned the same Rs. 93,215 disputed in the appeal. The factual finding that only improved replacement parts were installed was unchallenged; this is not automatic approval of every machinery-replacement deduction.

01 FACTS OF THE CASE

A cotton-yarn manufacturer spent Rs. 93,215 introducing the Casablanca conversion system into its spinning plant for AY 1956-57. Development rebate was refused because no new machinery had been installed. Before the Tribunal the assessee alternatively claimed current-repairs allowance. After factory inspection and examination of technical material, the Tribunal allowed that alternative claim; the High Court upheld its jurisdiction and conclusion.

Source: [SCR pp. 957-958](#) / [PDF pp. 1-2](#)

02 DISCUSSION BY THE HON'BLE COURT

The record supported replacement of worn components by improved versions, and Revenue did not challenge those factual findings. Section 33(4) authorised appropriate orders on the appeal; entitlement was not confined to the ground originally advanced. The same expenditure remained the subject of the appeal whether claimed as development rebate or current repairs. Rejection under one provision did not prevent a legally justified allowance under another.

Source: [SCR pp. 959-960](#) / [PDF pp. 3-4](#)

03 JUDICIAL DECISION

The Court upheld the affirmative answers on current repairs and Tribunal jurisdiction. Revenue's appeal was dismissed with costs, preserving allowance of Rs. 93,215 under section 10(2)(v).

Source: [SCR pp. 959-960 / PDF pp. 3-4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on the alternative current-repairs allowance and the Tribunal's power to entertain it. The development-rebate claim was not accepted.

Source: [SCR pp. 958-960 / PDF pp. 2-4](#)

05 AKHB REVIEW POINT

AKHB analysis: plead a supported alternative legal basis for the same disputed expenditure and preserve evidence showing what was replaced. Distinguish the appellate power to consider another ground from the substantive proof needed for deduction. Do not infer a universal machinery-replacement rule from an unchallenged factual finding about minor components.

Source: [AKHB analysis based on SCR pp. 959-960 / PDF pp. 3-4](#)

SOURCE & VERIFICATION

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STATUTORY SCOPE

This decision applies the Indian Income-tax Act, 1922 to the stated historical assessment years. Current statutory applicability and any Income-tax Act, 1961 or 2025 crosswalk are not determined.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment has not been verified; no current citator clearance is represented.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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