

Commissioner of Income-tax, West Bengal v. Indian Molasses (P) Ltd.

Civil Appeal No. 2555 of 1966

[1971] 1 SCR 773 | 1970-08-12

Historical business expenditure: pension-trust funding and the scope of a tax reference question.

Indian Income-tax Act, 1922: sections 10(2)(xv), 10(4A), 66(1) and 66(5)

3-judge bench; unanimous judgment delivered by J. C. Shah, J. | J. C. Shah, J. | K. S. Hegde, J. | A. N. Grover, J.

Assessment years: 1956-57

Historical statutory setting

The decision applies repealed 1922 Act deduction and reference procedure; current pension, remuneration and appellate provisions were not checked.

Fact and procedural limits

Apply the holding only within the facts, statutory text and procedural posture described in the primary report.

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 company funded trustees for a managing director's future pension and a widow's annuity. When he died before retirement in 1955, it claimed the accumulated and additional amounts as business expenditure for 1956-57 (SCR pp.773-777; PDF pp.1-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The obligation became effective at death, so the amounts were expended in 1955. But allowance also required non-capital character, exclusive business purpose and section 10(4A) compliance. Those aspects fell within the referred question even if not separately argued, and the Tribunal had made no findings (SCR pp.777-782; PDF pp.5-10).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court declined to answer the second question and left the Tribunal to dispose of the appeal under section 66(5) after deciding the omitted issues; no costs were ordered (SCR pp.781-782; PDF pp.9-10).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

No final deduction victory: expenditure timing was resolved for the company, but deductibility was remitted for complete statutory findings (SCR pp.778-782; PDF pp.6-10).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: separate when a contingent funding arrangement becomes expenditure from whether every deduction condition is met. Frame reference questions broadly enough to capture statutory ingredients, but preserve fact-finding limits (based on SCR pp.778-782; PDF pp.6-10).

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

SOURCE & VERIFICATION

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

Full 10-page SCR source asset read in page-preserving text and visually inspected; adjacent-report boundaries were checked.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 10-page count match catalogue asset 1971_1_773_782; every page was read and visually inspected.

The source verifies the stated case identity, bench, statutory issue and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment match was found in the published corpus or reviewed archive.

STATUTORY SCOPE

The decision applies repealed 1922 Act deduction and reference procedure; current pension, remuneration and appellate provisions were not checked.

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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