

Jaipuria Samla Amalgamated Collieries Ltd. Etc. v. Commissioner of Income Tax, West Bengal

Civil Appeal Nos. 1910 to 1912 and 2112 of 1968 — Supreme Court certificate appeals dismissed because certificates were defective and revoked; not merits losses and connected proceedings (full list below)

[1972] 1 SCR 510 | 1971-08-31

The specified Bengal road, public-works and education cesses were deductible: their independently computed property-based net profits were not the income-tax profits referred to in 1922 section 10(4).

1922 Act: 10(1) | 1922 Act: 10(2)(ix) | 1922 Act: 10(2)(xv) | 1922 Act: 10(4)

2 Judges | K. S. Hegde | A. N. Grover

01 FACTS OF THE CASE

Jaipuria Samla, a coal-mining company leasing coal-bearing property, claimed deductions for road and public-works cess under the Bengal Cess Act, 1880 and education cess under the Bengal (Rural) Primary Education Act, 1930. For the stated assessment years 1954-55 and 1955-56, the authorities, Tribunal and Calcutta High Court treated section 10(4) of the Indian Income-tax Act, 1922 as prohibiting deduction. Several appeals raised the same issue. Defective High Court certificates were replaced procedurally by special leave, and the Supreme Court heard the merits on the existing printed record.

Source: [SCR 511F-512E](#)

02 DISCUSSION BY THE HON'BLE COURT

The cesses were not themselves levied on business profits; Revenue argued that they were nevertheless assessed on their basis. The Court read section 10(4) in the context of profits determined under section 10. The Bengal legislation instead used annual net profits of the property averaged over three years, with a fallback of 6% of property value. Those figures could not be equated with taxable business profits computed under the Income-tax Act. Following Gurupada Dutta, the Court rejected a wider exclusion merely because a levy's measure referred to profits. It disapproved West Bengal Mining and noted the then-corresponding 1961 provisions, including section 40(a)(ii), as supporting its reading of the historical legislation.

Source: [SCR 512F-516B](#)

03 JUDICIAL DECISION

The particular cesses were allowable under section 10(2)(ix) or 10(2)(xv), and section 10(4) did not bar deduction. The Court discharged the High Court's adverse answers and answered the referred questions in favour of the assessee. The decision turned on the levy's statutory computation machinery, not on a general rule that every payment called a cess is deductible.

Source: [SCR 514C-516C](#)

04 OUTCOME / IN WHOSE FAVOUR

Special-leave appeals 1102-1105/1971 allowed with Supreme Court costs; certificate appeals 1910-1912 and 2112/1968 dismissed after revocation of defective certificates. The assessees won the cess-deduction issue; the certificate dismissals were procedural, not contrary merits rulings.

Source: [SCR 516C-D](#)

05 AKHB REVIEW POINT

Identify the levy's legal character as well as its computation machinery. Smith Kline and French(1996) expressly limits literal use of Jaipuria's language: the statute does not require profits computed under the Income-tax Act, and adjustments do not make surtax deductible. Modern surcharge/cess exclusions must be checked separately. The certificate dismissals here were procedural.

Source: [SCR 512D-516D](#); editorial computation and procedural distinctions; [HTML 38-58 identity/version.65opening.105-108 full 40\(a\)\(ii\)/Explanations 1-3.](#); [HTML 38-58 edition:99-103 provision with annotation 45;161 effective-date note.](#); [Title/commencement physical 1; opening 35 and 35\(a\)\(i\)-\(iii\) with closing surcharge/cess phrase, physical 68/web 2684-2694.](#); [Full physical 1-8, SCR 385-392; caption/date/bench and headnote 385, full Court order 386-392. Jaipuria argument and judicial distinction at 388F-390H; final dispositions 391G-392B.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal Nos. 1910 to 1912 and 2112 of 1968 — Supreme Court certificate appeals dismissed because certificates were defective and revoked; not merits losses / Civil Appeal Nos. 1102 to 1105 of 1971 — Supreme Court appeals by special leave allowed on the merits using the printed certificate-appeal record / Income-tax Reference Nos. 170 of 1963, 40 of 1965 and 4 of 1967 — Originating Calcutta High Court reference group; not additional Supreme Court appeals

SOURCE & VERIFICATION

Original reported Supreme Court judgment

7-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified.

Open cited source rendition

The source's assessment-year facts concern the Jaipuria batch selected to explain the common issue; it does not separately assign every year to every companion appellant.

Both SC appeal groups belong to this judgment, but only the 1971 special-leave group received merits relief.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 10(1), 10(2)(ix), 10(2)(xv), 10(4)

The displayed 2025 section 40(a)(ii), Explanation 3 expressly includes surcharge/cess on the specified tax; the 2023 annotation identifies Finance Act 2022's retrospective 1 April 2005 insertion. The Bengal property cesses in this case are not therefore equated with a cess on income-tax.

Section 35(a) in the FA 2026 compilation excludes specified tax amounts and includes surcharge/cess on such tax. This bounded counterpart comparison does not convert Jaipuria into an exemption for modern income-tax cess.

qualified; operative legacy holding and bounded comparison are separately identified

LATER TREATMENT

Source checked 2026-10-07. Smith Kline and French, 16 April 1996, SCR 388F-390H, distinguishes Jaipuria's immovable-property cesses from surtax on business profits. It expressly cautions that neither 10(4) nor 40(a)(ii) requires computation under the Income-tax Act in terms; Jaipuria's observations must be read contextually, not literally as statutory language. Adjustments to taxable profits did not make surtax deductible. The historical property-cess result was not declared overruled.

Comprehensive subsequent history and present-law applicability are not certified.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961: section 40\(a\)\(ii\), Explanations 1-3](#)

Displayed 2025 edition HTML 38-58 identity/version, 65 opening, 105-108 full 40(a)(ii)/Explanations 1-3. Personally read bounded official text; comparison only. No automatic precedent carryover or broader currentness certification. Original web-source bytes/images not retained or inspected.

[Finance Act 2022 amendment annotation for section 40\(a\)\(ii\) Explanation 3](#)

Displayed 2023 edition; Finance Act 2022 insertion with retrospective effect 1 April 2005 HTML 38-58 edition; 99-103 provision with annotation 45; 161 effective-date note. Personally read bounded official text; comparison only. No automatic precedent carryover or broader currentness certification. Original web-source bytes/images not retained or inspected.

[Income-tax Act, 2025: section 35\(a\)](#)

FA 2026 compilation; checked 7 October 2026 Title/commencement physical 1; opening 35 and 35(a)(i)-(iii) with closing surcharge/cess phrase, physical 68/web 2684-2694. Personally read bounded official text; comparison only. No automatic precedent carryover or broader currentness certification. Original web-source bytes/images not retained or inspected.

[Smith Kline and French \(India\) Ltd. Etc. v. Commissioner of Income Tax \(1996-04-16\)](#)

Full physical 1-8, SCR 385-392; caption/date/bench and headnote 385, full Court order 386-392. Jaipuria argument and judicial distinction at 388F-390H; final dispositions 391G-392B. Exact retained original fully personally read and checked before/after. Public source-index endpoint fetch failed; availability is not claimed. Text pages read: 1-8. Image pages read: 1-8.

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