

Commissioner of Income-tax, West Bengal II, Calcutta v. Coal Shipment (P) Ltd.

Civil Appeals Nos. 1494-1498 of 1971

[1972] 1 SCR 1089 | 1971-10-14

Business expenditure: an at-will, shipment-linked competition restraint was revenue expenditure.

Indian Income-tax Act, 1922: section 10(2)(xv)

3-judge bench; unanimous judgment delivered by H. R. Khanna, J. | K. S. Hegde, J. | A. N. Grover, J. | H. R. Khanna, J.

Assessment years: 1951-52 to 1955-56

Historical statutory setting

This fact-specific ruling under section 10(2)(xv) of the repealed 1922 Act is not present-law clearance for non-compete payments.

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

Under an oral, at-will arrangement, H. V. Low assisted the assessee in procuring coal and refrained from exporting coal to Burma. Payments were tied to actual shipments, and the Tribunal found no monopoly or enduring advantage (SCR pp.1090-1093; PDF pp.2-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Capital/revenue classification is fact-sensitive. An at-will competition restraint was too transitory to be enduring, and shipment-linked payments formed part of trading operations rather than instalments for a fixed asset or monopoly. A fixed-term monopoly-licence case was distinguished (SCR pp.1094-1100; PDF pp.6-12).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

All five Revenue appeals were dismissed with one set of costs (SCR p.1100; PDF p.12).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on final merits, limited to the at-will and operational features found (SCR pp.1099-1100; PDF pp.11-12).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: record duration, termination rights, payment basis, turnover linkage and whether a lasting asset or structural right is obtained. Periodic payment alone does not decide character (based on SCR pp.1097-1100; PDF pp.9-12).

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

SOURCE & VERIFICATION

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Full 12-page SCR source asset read in page-preserving text and visually inspected; adjacent-report boundaries were checked.

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The source verifies the stated 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

This fact-specific ruling under section 10(2)(xv) of the repealed 1922 Act is not present-law clearance for non-compete payments.

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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