

Ellerman Lines Ltd. v. Commissioner of Income-tax, West Bengal, Calcutta

Civil Appeals Nos. 2459-2460 of 1968 and 1161-1162 of 1971

[1972] 2 SCR 168 | 1971-10-22

Non-resident shipping income: rule 33 residual computation and binding Board directions.

Indian Income-tax Act, 1922: sections 3, 4, 5(8), 10(2)(vib) and 66(1) | Income-tax Rules, 1922: rule 33

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

Assessment years: 1960-61, 1961-62

Historical statutory setting

This historical 1922 Act and rule 33 shipping computation does not certify treatment under current statutes, treaties or circulars.

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 British shipping company used U.K. ratio certificates for Indian income. The dispute concerned whether U.K. investment allowance, capped at the Indian development-rebate rate, could enter the computation; the destination-earnings issue was no longer appealed (SCR pp.170-172; PDF pp.3-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The parties had mistakenly assumed rule 33's second basis applied without its prerequisite. The residual basis permitted an equitable method constrained by binding Board directions. The 1942 notification and later instruction supported use of the U.K. certificates and allowance. The Court assumed, without deciding, that rule 33 governed (SCR pp.173-176; PDF pp.6-9).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The substantive appeals were allowed with one set of Supreme Court and High Court costs; the two defective-certificate appeals were dismissed as not maintainable without costs (SCR p.176; PDF p.9).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

Substantively in favour of the assessee, with the procedural qualification preserved (SCR p.176; PDF p.9).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the exact computational route and verify its prerequisites. Under a residual method, contemporaneous binding directions may constrain discretion; preserve express judicial reservations and caps (based on SCR pp.174-176; PDF pp.7-9).

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

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 9-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 9-page count match catalogue asset 1972_2_168_176; every page was read and visually inspected.

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 historical 1922 Act and rule 33 shipping computation does not certify treatment under current statutes, treaties or circulars.

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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General legal and tax research only; not legal or tax advice. Verify the original judgment, the governing historical statute and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.