

## The Indian Aluminium Co. Ltd. v. The C.I.T., West Bengal, Calcutta

Civil Appeal No. 1694 of 1968; Civil Appeal No. 1730 of 1968 — Two certified appeals for separate accounting and assessment years, with one common result and Beg J's separate concurrence. Only the 1959-60 example is factually particularised. and connected proceedings (full list below)

[1973] 1 SCR 15 | 1972-03-29

### Wealth-tax incidental to the trading company's business was deductible under the 1922 Act as then adjudicated; an owner-cum-trader label did not itself prevent deduction.

Indian Income-tax Act, 1922 | 1922 Act: 10(1) | 1922 Act: 10(2)(xv)

5 Judges | S. M. Sikri | A. N. Grover | A. N. Ray | D. G. Palekar | M. H. Beg

#### 01 FACTS OF THE CASE

The company obtained deduction of its business-related wealth-tax under the law before the Court. Two appeals concerned separate years; the judgment details 1959-60, when Indian Aluminium paid Rs. 1,59,630 for calendar 1958. The officer allowed deduction, but the appellate authorities rejected it. The Calcutta High Court followed Travancore Titanium. A larger Supreme Court Bench reconsidered that precedent's separation of expenditure incurred as owner from expenditure incurred as trader.

Source: [SCR 18-20; target report and identified opinion only.](#)

#### 02 DISCUSSION BY THE HON'BLE COURT

Sikri CJ, for four judges, held that ownership and trading capacities could coincide. Where assets were used in trade and the tax payment was genuinely incidental to carrying on that business, describing the taxpayer as owner did not defeat section 10(2)(xv). Business net wealth could be as much an instrument of trade as gross assets. The Court qualified Travancore Titanium's test, drawing on authorities concerning statutory charges on business property. Difficulty allocating tax between business and non-business assets did not invalidate the governing distinction. Beg J separately concurred, emphasising causal connection to commercial purpose and the assessee's burden of proving the qualifying business portion.

Source: [SCR 20-30; target report and identified opinion only.](#); [SCR35-38: BegJ's separate concurrence on causal connection, allocation and the assessee's burden.](#)

#### 03 JUDICIAL DECISION

On these facts, payment of wealth-tax was incidental to the company's trade. Both appeals were allowed, the High Court's judgment set aside and the reference question answered for the assessee. The Court did not allow every tax payment or every proprietor's wealth-tax automatically.

Source: [SCR 30-30; target report and identified opinion only.](#)

#### 04 OUTCOME / IN WHOSE FAVOUR

Both assessee appeals allowed. The company succeeded on the reference question for the assessments in appeal. Parties to bear their own costs throughout.

Source: [SCR 30-30; target report and identified opinion only.](#)

#### 05 AKHB REVIEW POINT

Use the owner-cum-trader reasoning separately from the wealth-tax result. The later 1972 amendment expressly barred wealth-tax deduction retrospectively, including under the 1922 Act from 1957-58, while preserving specified Supreme Court wins before 15 July 1972 for that assessee and year. That saving matters here. This judgment is therefore not a general present entitlement to deduct wealth-tax.

Source: [SCR 34-39; target report and identified opinion only.](#); [Official 1995-labelled section 40 page, lines 127-132, reproducing Income-tax \(Amendment\) Act 1972, sections 4-5; retrospective disallowance and saving for specified prior Supreme Court wins, enacted after this judgment.](#)

#### APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 1694 of 1968; Civil Appeal No. 1730 of 1968 — Two certified appeals for separate accounting and assessment years, with one common result and Beg J's separate concurrence. Only the 1959-60 example is factually particularised.

#### ORIGINATING PROCEEDINGS

1.

**Case numbers:** Income-tax Reference No. 106 of 1963; Income-tax Reference No. 215 of 1963

**Relationship:** Calcutta High Court judgment dated 11 August 1967.

#### SOURCE & VERIFICATION

[Original reported Supreme Court judgment](#)

25-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. All 25 physical text and image pages genuinely read. Entire PDF is the target report, including headnote and any separate opinion; cited/quoted cases are authorities, not additional primary targets. Decision 29 March 1972 is reported in 1973 SCR. Two dockets are printed despite the reporter's final singular Appeal allowed line. The principal opinion concludes on physical 16/SCR 30; Beg J's separate concurrence begins there and continues through physical 25/SCR 39. Own-costs-throughout direction is in the principal opinion. All 25 source pages were read; no second assessment year is inferred from the two dockets.

[Open cited source rendition](#)

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## STATUTORY SCOPE

Indian Income-tax Act,1922; 10(1), 10(2)(xv), Wealth-tax Act,1957, sections 2(m) and 3

Retained 2011 section 40(a)(iia) bars wealth-tax deduction. The separately read official 1995-labelled statutory page reproduces 1972 Amendment Act sections 4-5: retrospective 1922 Act disallowance from 1957-58, with a limited saving for Supreme Court decisions before 15 July 1972 for the particular assessee/year. The general business-purpose principle remains distinct from that restriction.

Section 34(1) retains a general business-expenditure test with exclusions. That conceptual comparison alone cannot establish any wealth-tax deduction.

Historical operative law is distinct from the cited later versions. Complete repeal/savings, tax-year applicability, unexamined rules and comprehensive subsequent judicial treatment remain unverified.

Other provisions addressed: Wealth-tax Act,1957, sections 2(m) and 3

## LATER TREATMENT

Source checked 2026-10-08. No comprehensive subsequent judicial-history review was performed for this note; unchecked treatment must not be read as absence of later treatment.

Named authorities discussed within the judgment are antecedent authorities. The separately sourced legislative developments are statutory comparisons, not a later-judgment certification.

Primary holding and expressly identified bounded statutory readings only.

## IDENTIFIED SOURCE LINKS

[Income-tax Act,1961: identified2011 compilation](#)

DOR-hosted Taxmann compilation as amended by Finance Act2011 Retained 2011 section 40(a)(iia) bars wealth-tax deduction. The separately read official 1995-labelled statutory page reproduces 1972 Amendment Act sections 4-5: retrospective 1922 Act disallowance from 1957-58, with a limited saving for Supreme Court decisions before 15 July 1972 for the particular assessee/year. The general business-purpose principle remains distinct from that restriction. Identified historical2011 compilation. Not a current consolidated statute, full-Act, image or complete transaction-applicability review. Text pages read: 42, 297.

[Income-tax Act,2025: bounded provisions](#)

Official compilation as amended by Finance Act2026 Lines2657-2663, physical page 67; general provision only, no whole-code deduction certification. Capture hashes identify exact returned text-output bytes, not the remotePDF. No full-Act, image, complete transition or comprehensive subsequent-history verification.

[1972Amendment](#)

1995-labelled section40 page, lines78-79 and127-132, including footnote reproduction of1972AmendmentAct sections4-5. Only identified official-site text and version read; not a complete present-law or subsequent-judgment survey.

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