

MITSUMI STEAMSHIP CO. LTD. v. C.I.T. WEST BENGAL, II CALCUTTA

Mitsui Supreme Court appeals: Civil Appeals Nos. 1072-1075 of 1970; Kawasaki Supreme Court appeals: Civil Appeals Nos. 1076-1079 of 1970; Originating High Court references; individual mapping not stated: Income Tax References Nos. 170, 174, 175, 186 and 184, 189, 177 & 176 of 1964 and connected proceedings (full list below)

[1975] 3 SCR 467 | 1975-02-07

Japanese municipal property and vessel taxes on assets actually used in the shipping businesses were deductible under section 10(2)(xv). The taxes differed fundamentally from wealth-tax and therefore escaped the 1972 statutory bar on deducting wealth-tax.

40(a)(iia) and Explanation, as introduced in 1972

2-judge bench | H. R. Khanna, J. | A. C. Gupta, J.

01 FACTS OF THE CASE

Mitsui Steamship and Kawasaki Kisen Kaisha, Japanese shipping companies assessed on their Indian earnings, claimed deductions for Japanese taxes on business property and vessels. The appeals covered Mitsui's 1957-58 to 1960-61 assessments and Kawasaki's 1956-57 to 1959-60 assessments.

The officer disallowed the payments as liabilities of asset owners rather than traders. The appellate authority and Tribunal allowed them, but the Calcutta High Court applied Travancore Titanium and denied deduction. A supplementary statement obtained by the Supreme Court established that the relevant assets were actually used in business and that payment was incidental to carrying it on.

Source: [SCR 468D-469E; 472H-473A](#)

02 DISCUSSION BY THE HON'BLE COURT

Indian Aluminium, decided by a larger Bench after the High Court judgments, qualified Travancore Titanium's owner-versus-trader distinction. Where an owner also trades and the expenditure is genuinely incidental to that business, ownership does not itself prevent deduction.

The Income-tax (Amendment) Act, 1972 subsequently barred wealth-tax deductions, including through section 4 for specified earlier assessments. Its definition adopted the Explanation to section 40(a)(iia) of the 1961 Act. The Court held that the legislation targeted wealth-tax; it did not erase the broader owner-cum-trader principle for other taxes.

The Revenue's remaining contention was that the Japanese tax resembled Indian wealth-tax. The Court compared their bases and structure. Indian wealth-tax was a national levy on net wealth, broadly embracing assets less debts with exemptions and progressive rates. The Japanese levy was local and applied to specified land, houses and depreciable assets, with exclusions and a different valuation and rate structure. Similar features shared by taxing statutes did not overcome these fundamental differences.

Source: [SCR 470G-474B](#)

03 JUDICIAL DECISION

The eight appeals were allowed. Both referred questions were answered affirmatively in favour of the companies, replacing the High Court's negative answers and allowing the deductions in issue.

Source: [SCR 474B](#)

04 OUTCOME / IN WHOSE FAVOUR

Both companies' appeals allowed. Result: Assesseees. Costs: Each side to bear its own costs in both Courts. Scope: Japanese tax deductions upheld. Limit: The particular local taxes and established business use; wealth-tax disallowance remained effective.

Source: [SCR 474B](#)

05 AKHB REVIEW POINT

Identify a foreign levy's actual tax base, charging authority and statutory exclusions before equating it with a named Indian disallowance. Prove the assets' business use separately. The holding does not permit deduction of every foreign asset tax or override an applicable express prohibition.

Source: [SCR 472E-474B](#)

APPEAL AND PROCEEDING NUMBERS

Mitsui Supreme Court appeals: Civil Appeals Nos. 1072-1075 of 1970; Kawasaki Supreme Court appeals: Civil Appeals Nos. 1076-1079 of 1970; Originating High Court references; individual mapping not stated: Income Tax References Nos. 170, 174, 175, 186 and 184, 189, 177 & 176 of 1964

SOURCE & VERIFICATION

Original reported Supreme Court judgment

8-page retained public-mirror SCR report. The complete report was read as text and page images. Fresh remote authentication as a signed original is not claimed.

Open cited source rendition

The caption names Mitsui, but the judgment also decides Kawasaki Kisen Kaisha's separately identified appeal group. SCR 472's printed quotation of section 4 is visibly incomplete after "any subsequent assessment year," and ends with an unrelated section 40 fragment; it is not silently reconstructed. The headnote's section 40 numbering is irregular; the judicial body at SCR 471-472 identifies section 40(a)(iia).

STATUTORY SCOPE

Indian Income-tax Act, 1922: 10(2)(xv), 66(2); Income-tax (Amendment) Act, 1972 sections 2 and 4, with section 4 adopting the Income-tax Act, 1961 section 40(a)(iia) Explanation's wealth-tax definition.

The checked departmental section 40 page is labelled 2012. Its (a)(iia) Explanation includes analogous foreign wealth taxes but excludes tax measured by a particular business asset; (a)(ii) separately addresses profit-based taxes. This historical edition illustrates why levy classification matters; current law is not certified.

No direct 2025 successor mapping adopted. The old holding is not automatically carried into a different statutory scheme.

The checked section 536 preserves previous operation, accrued rights and liabilities, and specified earlier-tax-year and pending proceedings under the 1961 Act. Establish the governing year and savings before choosing a statutory comparison.

No automatic precedent carry-over or verified case-specific 2025 applicability is claimed.

LATER TREATMENT

Source checked 2026-10-07. Mohan Meakin Breweries Ltd. v. Commissioner of Income-Tax (No. 1) (Himachal Pradesh High Court, 1979-03-05), paragraphs 8-12: Identifies Mitsui as following Indian Aluminium's owner-cum-trader principle, then allows tax on business-used land and premises as incidental expenditure. This does not certify that all asset taxes escape express disallowances.

One bounded later judicial use is recorded; comprehensive subsequent history, absence of contrary treatment and current-law status remain unverified.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 2025, as amended by Finance Act 2026](#)

Section 536(1) and (2)(a)-(e): physical 584-585, extracted lines 24385-24408. Selected official FA 2026 web-extracted text only; no raw-PDF, rendered-page or full-Act read claimed. No all-amendments or current-law certification.

[Income-tax Department section 40 page, labelled 2012](#)

Section 40(a)(ii), explanations and (iia) wealth-tax definition: lines 103-108; 1972 insertion footnote at line 186. Selected web-extracted text only; no raw-PDF, rendered-page or full-Act read claimed. Historical version, not certification of current law.

[Mohan Meakin Breweries Ltd. v. Commissioner of Income-Tax \(No. 1\) \(1979-03-05\), nonofficial judicial text reproduction](#)

paragraphs 1-12, especially 8-12 Third-party public judicial text; no court-original PDF/image validation.

AI DISCLOSURE

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