

Anandji Haridas & Co. Pvt. Ltd. v. Engineering Mazdoor Sangh & Another

Civil Appeal No. 2053 of 1971

[1975] 3 SCR 542 | 1975-02-13

Historical bonus computation: an industrial company's 55% Finance Act rate was not a development rebate or relief permitting notional tax at 65%.

Payment of Bonus Act, 1965: sections 4, 6(c) and 7(e) | Finance Act, 1966: First Schedule, Part I, paragraph F, I(A)(2) | Constitution of India: Article 227 (procedural history)

2-judge bench | A. Alagiriswami, J. | R. S. Sarkaria, J.

Assessment years: See the source-scope notes; no year inferred.

Historical bonus and Finance Act setting

The 55% and 65% rates and the section 7(e) computation belong to the stated historical statutes. Do not use them as present rates or a current bonus formula.

Not an income-tax assessment appeal

The Court decided notional direct tax within a labour-bonus computation; it did not determine the company's assessed income-tax liability.

01 FACTS OF THE CASE

The employer, a private industrial company with about 170 workmen, faced a bonus claim for 1964-65. For available-surplus purposes, the union contended that direct tax should be deducted at the 55% rate actually applicable to an industrial company's first Rs.10 lakh of total income under the Finance Act, 1966. The employer claimed 65%, arguing that the ten-point difference was a development relief that section 7(e) of the Bonus Act required the computation to disregard. The Industrial Tribunal accepted 65%, relying on the Finance Minister's budget speech. The Bombay High Court set that award aside and remitted the dispute on the footing that 55% applied. The employer appealed.

Source: [Industrial dispute and competing rate positions: SCR pp.543-544](#)

02 DISCUSSION BY THE HON'BLE COURT

Sections 4, 6(c) and 7 of the Bonus Act required available surplus to reflect the employer's direct tax, subject to specified adjustments. Section 7(e) disregarded a rebate or relief allowed under tax law or the relevant Finance Act for developing an industry. The Court held that the company fell directly within the Finance Act's 55% industrial-company rate. The legislation did not describe the ten-point differential from the general 65% rate as a rebate or relief for development, so the statutory conditions were not met. Because section 7(e) was clear, the Finance Minister's speech could not alter it. External legislative material may assist when language is ambiguous or incomplete, not override plain statutory text.

Source: [Statutory scheme and Finance Act rates: SCR pp.544-545](#); [Plain-language and relief analysis: SCR pp.545-546](#)

03 JUDICIAL DECISION

The 55% rate, not a hypothetical 65% rate, governed the company's direct-tax deduction in the historical bonus computation. The ten-point rate difference was not shown to be a statutory development rebate or relief under section 7(e). The employer's appeal was dismissed; the Court's earlier conditional stay required 6% interest on any bonus ultimately payable, and there was no costs order.

Source: [Holding, dismissal and interim-interest consequence: SCR p.546](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the workmen/union. The employer could not enlarge the direct-tax deduction by using 65%, so the High Court's 55% approach and remand stood. The Supreme Court appeal ended without a further remand order and without costs; the earlier 6% interest condition applied to bonus found payable.

Source: [Qualified final outcome: SCR p.546](#)

05 AKHB REVIEW POINT

AKHB analysis: in a statutory computation that incorporates tax liability, start with the rate actually prescribed for the taxpayer's class, then test each adjustment against the exact conditions in the incorporating statute. A policy description in a budget speech cannot convert a lower enacted rate into a rebate when the statutory language is clear. Keep this historical bonus calculation distinct from the company's actual income-tax assessment and verify all present provisions independently.

Source: [Tax-rate incorporation and statutory conditions: SCR pp.544-546](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full five-page SCR report read. Editorial headnote on PDF pages 1-2 was distinguished from the unnumbered judicial text beginning on PDF page 2 (SCR p.543).

[Open cited source rendition](#)

Exact source bytes, SHA256 and five-page count match catalogue asset 1975_3_542_546. All pages were read.

The parties, 13 February 1975 date, two-judge bench, Civil Appeal No.2053 of 1971 and [1975] 3 SCR 542 citation were verified from the report.

The source has no numbered judicial paragraphs; SCR and physical PDF page pinpoints are used.

The industrial dispute directly required interpretation of Finance Act, 1966 tax rates and Payment of Bonus Act section 7(e); the note expressly preserves that non-assessment setting.

STATUTORY SCOPE

The decision concerns the historical Payment of Bonus Act computation and company tax rates fixed by the Finance Act, 1966 for the 1964-65 bonus dispute. It does not state a current corporate-tax or bonus-computation rule.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive later treatment, amendments to the Bonus Act and subsequent tax-rate regimes have not been checked. No current-law or citator clearance is represented.

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AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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