

Commissioner of Income-tax, West Bengal III, Calcutta v. Carew and Co. Ltd.

Civil Appeal No. 2097 of 1978

[1980] 1 SCR 633 | 1979-09-13

International tax: foreign agricultural loss did not reduce the separate manufacturing-profit abatement base.

Indian Income-tax Act, 1922: sections 2(1), 4, 6, 49A and 49D | India-Pakistan Agreement for Avoidance of Double Taxation: Articles I, IV and VI and Schedule

2-judge bench; separate concurring opinions by N. L. Untwalia and R. S. Pathak, JJ. | N. L. Untwalia, J. | R. S. Pathak, J.

Assessment years: 1956-57

Historical statutory setting

The 1922 Act and 1947 India-Pakistan Agreement are historical; no present treaty or unilateral-relief treatment is represented.

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 Indian company had Pakistan manufacturing profit of Rs.3,26,368 and a Pakistan agricultural loss of Rs.3,20,839. Revenue netted them before allowing Agreement abatement; the assessee claimed full business-profit abatement and separate loss adjustment (SCR pp.633-637; PDF pp.1-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Foreign agricultural income was outside the Act's India-linked exemption and entered domestic total income, but the Agreement allocated taxing rights by separate sources. Agricultural income was outside the relevant Agreement machinery, so its loss could not reduce the manufacturing-profit abatement base. Unilateral-relief aggregate-income reasoning was distinguishable (SCR pp.637-644; PDF pp.5-12).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The full manufacturing profit qualified for abatement, the agricultural loss remained separately adjustable, and Revenue's appeal was dismissed with costs (SCR pp.642, 644; PDF pp.10, 12).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Carew and Co. on final merits under the historical Agreement (SCR pp.642-644; PDF pp.10-12).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: maintain separate computation layers for domestic total income, treaty source allocation and relief. A loss can affect domestic taxable income without shrinking a distinct treaty abatement base (based on SCR pp.640-644; PDF pp.8-12).

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

SOURCE & VERIFICATION

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

Full 12-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 12-page count match catalogue asset 1980_1_633_644; 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

The 1922 Act and 1947 India-Pakistan Agreement are historical; no present treaty or unilateral-relief treatment is represented.

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.

PROFESSIONAL DISCLAIMER

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.