

Reliance Jute & Industries Ltd. v. Commissioner of Income Tax, West Bengal, Calcutta

Civil Appeal No. 2366 of 1972

[1980] 1 SCR 906 | 1979-10-10

Historical business-loss carryforward: law applicable to the assessment year of set-off.

Indian Income-tax Act, 1922: section 24(2)(iii), section 66-A(2) | Finance Act, 1955: section 16; Finance (No. 2) Act, 1957 amendment

2-judge bench | N. L. Untwalia, J. | R. S. Pathak, J.

Assessment years: 1960-61 (claimed set-off); 1950-51 (loss origin)

Historical business losses; no universal vested-right rule

The case concerns business losses under section 24(2)(iii) of the 1922 Act and the 1957 eight-year restriction. It does not decide unabsorbed depreciation, every later transitional saving, or every amendment's retrospectivity.

01 FACTS OF THE CASE

A jute manufacturer sought to set off Rs. 15,50,189 of unabsorbed business loss originating in AY 1950-51 against business income for AY 1960-61. Earlier assessment proceedings had directed carryforward of the remaining loss. The officer rejected the later set-off because the amended provision limited carryforward to eight years; the appellate authorities and High Court upheld the rejection. The assessee claimed that the 1955 provision, which allowed carryforward from year to year, had conferred a vested right unaffected by the 1957 amendment.

Source: [SCR pp. 907-908 / PDF pp. 2-3](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court applied the law in force for the assessment year concerned unless the statute expressly or by necessary implication provides otherwise. The 1957 amendment governed AY 1960-61; the earlier version did not create an indefinite right controlling that later assessment. A prior carryforward direction could operate only if the law for the year of proposed set-off permitted it. Helen Rubber Industries was distinguished because a specific Removal of Difficulties Order governed the transition between the Travancore and Indian enactments there.

Source: [SCR pp. 908-909 / PDF pp. 3-4](#)

03 JUDICIAL DECISION

The Court upheld denial of the claimed Rs. 15,50,189 set-off in AY 1960-61 because the AY 1950-51 business loss could not be carried forward beyond the applicable eight-year limit. The assessee's appeal was dismissed. The operative ending contains no separate costs direction.

Source: [SCR p. 909 / PDF p. 4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on the identified historical business-loss claim. The earlier carryforward direction did not override the statutory restriction governing the later year. The decision neither computes a fresh assessment nor decides unabsorbed depreciation.

Source: [SCR p. 909 / PDF p. 4](#)

05 AKHB REVIEW POINT

AKHB analysis: verify the loss category, originating assessment year, year of intended set-off and the statutory version applicable to that year. Preserve any express transitional or saving provision before applying the assessment-year principle. An assessment order recording a loss is not itself authority for indefinite utilisation. Do not generalise this historical eight-year conclusion to every loss, depreciation allowance or later legislative transition.

Source: [SCR pp. 908-909 / PDF pp. 3-4](#)

SOURCE & VERIFICATION

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Four-page SCR scan. Judicial text begins on PDF p. 2 / SCR p. 907 and ends on PDF p. 4 / SCR p. 909. Editorial headnote distinguished from judgment.

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STATUTORY SCOPE

Historical statutory text and relevant assessment year control. No automatic mapping to the Income-tax Act, 2025 or current-law certification.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent judicial treatment and present-law applicability remain unverified. No current-law or citator clearance is represented.

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