

# Commissioner of Excess Profit Tax, Kanpur v. Kalyan Mal Phool Chand

Civil Appeal No. 1375 of 1974

[1987] 2 SCR 601 | 1987-03-13

## Excess profits tax: later sale profits could not be shifted to earlier manufacturing periods.

Excess Profits Tax Act, 1940: sections 2, 4, 5, 6, 7, 7A and 21 | Indian Income-tax Act, 1922: section 13

2-judge bench; unanimous judgment delivered by Sabyasachi Mukharji, J. | Sabyasachi Mukharji, J. | S. Natarajan, J.

Assessment years: Chargeable accounting period 1 April 1943 to 31 March 1944

### Historical statutory setting

The Excess Profits Tax Act was a historical wartime enactment; the precise set-off rule is not represented as current law.

### 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 firm manufactured katechu in Nepal in periods without sales and sold it later in Kanpur. It sought to allocate later profit backward to manufacture periods, create deficiencies there and set them off against excess profits for 1943-44 (SCR pp.601-609; PDF pp.1-9).

Source: [Primary judgment: facts](#)

## 02 DISCUSSION BY THE HON'BLE COURT

Excess-profits computation followed annual income-tax principles. A receipt belongs to the period in which the right to receive accrued; earlier work does not shift later-accrued profit backward. Manufacturing and selling elements may be apportioned within one year but not across accounting periods to manufacture a deficiency (SCR pp.610-614; PDF pp.10-14).

Source: [Primary judgment: discussion](#)

## 03 JUDICIAL DECISION

The appeal was allowed, the High Court judgment set aside and the reference answered in the negative, with parties bearing their own costs (SCR p.615; PDF p.15).

Source: [Primary judgment: decision](#)

## 04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on final merits (SCR p.615; PDF p.15).

Source: [Primary judgment: outcome](#)

## 05 AKHB REVIEW POINT

AKHB analysis: economic contribution to a later profit is not legal accrual in the earlier period. Verify the statutory computation period and when the right to receive arose before claiming a cross-period set-off (based on SCR pp.613-615; PDF pp.13-15).

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

## SOURCE & VERIFICATION

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

Full 15-page SCR source asset read in page-preserving text and visually inspected; adjacent-report boundaries were checked.

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Exact source bytes, SHA-256 and 15-page count match catalogue asset 1987\_2\_601\_615; 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 Excess Profits Tax Act was a historical wartime enactment; the precise set-off rule is not represented as current law.

**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.

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