

Central Board of Direct Taxes and Others v. Aditya V. Birla

Civil Appeal No. 3947 (NT) of 1987

[1988] 2 SCR 115 | 1987-11-27

Whether a consultant or technician could be an employee receiving remuneration from a foreign employer for former section 80RRA

Income-tax Act, 1961: former section 80RRA | Income-tax Act, 1961: former section 10(6)(via) (distinguished context)

Two-judge bench; judgment delivered by Sabyasachi Mukharji, J. | Sabyasachi Mukharji, J. | S. Ranganathan, J.

Repealed/historical deduction context

The decision construes former section 80RRA. It is not authority that the same deduction or approval regime applies under current law.

01 FACTS OF THE CASE

Aditya V. Birla, an MIT-qualified technician experienced in staple-fibre manufacture and sales, agreed on 5 May 1978 to provide services in Bangkok to Thai Rayon Company for US\$12,000 per year, payable quarterly, for three years. The agreement called Thai Rayon the employer and required governmental approvals. India declined approval for section 80RRA because it regarded Birla as a consultant rather than an employee. A Single Judge quashed that refusal and ordered reconsideration; the Division Bench affirmed.

Source: [Primary judgment: agreement and refusal of approval](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 80RRA required remuneration in foreign currency from a foreign employer or Indian concern for services outside India, plus approval of the service terms and the statutory time limit. Unlike section 10(6)(via), it did not require remuneration chargeable specifically under Salaries. The Court treated remuneration as broad enough to include a fee for services and read employer and employee in their ordinary context: a consultant or technician working for hire could fall within them, including on a part-time basis.

Source: [Primary judgment: text and construction of former section 80RRA](#)

03 JUDICIAL DECISION

The statutory language supplied no basis for excluding a consultant merely because the engagement was not conventional salaried employment. The Government's restricted construction was rejected.

Source: [Primary judgment: consultant within employer/employee language](#)

04 OUTCOME / IN WHOSE FAVOUR

The High Court's dismissal of the Board's appeal was upheld. The Supreme Court dismissed the appeal without an order as to costs.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: for this historical deduction, the payment label did not decide status; the Court examined the provision's use of remuneration, the service relationship and the absence of salary-only language. Do not convert that reasoning into a current section 80RRA entitlement or a general employment-status test without checking later law.

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

SOURCE & VERIFICATION

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

Complete 9-page SCR report read in page-preserving text and every page image inspected; exact source bytes match the catalogue SHA-256.

[Open cited source rendition](#)

Exact catalogue SHA-256 and nine-page count verified; all pages were read and visually inspected.

The agreement described Thai Rayon Company as employer and provided US\$12,000 yearly remuneration for three years; the dispute was the Government's consultant-versus-employee ground for approval.

The Court did not dispense with the other statutory conditions or itself grant an unrestricted present-law deduction.

STATUTORY SCOPE

Income-tax Act, 1961, former section 80RRA as quoted in the 1987 judgment. The note does not state that this deduction remains available or map it to current law.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. Section 80RRA was a historical provision and the judgment does not certify any current foreign-service deduction.

AI DISCLOSURE

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