

M.S.P. Nadar Sons, Virudhu Nagar v. Commissioner of Income Tax (Central), Madras

Civil Appeal No. 4851 (NT) of 1990

[1993] 3 SCR 446 | 1993-04-28

For gains and losses on long-term share sales in the same previous year, whether the then section 80-T deduction applied before or after setting off the long-term capital losses under section 70(2)(ii).

70(2)(ii) (historical same-year long-term capital-loss set-off) | 80-T, particularly 80-T(b)(ii) (historical non-company long-term-capital-gains deduction) | 256(1) (reference procedure)

Two-judge bench | B.P. Jeevan Reddy, J. | N. Venkatachala, J.

Assessment years: 1973-74

Historical set-off sequence; defective printed calculations

Revenue won because same-year long-term share losses precede the then section 80-T deduction. All assets were in one category; mixed-category treatment was expressly left open. The report's intermediate figures and deduction rows contain verified printed defects, and its cited Venkatachalam appeal year conflicts between headnote and body. Preserve the stated end figures without presenting a corrected table as the Court's calculation. Comprehensive later treatment and present-law/2025 mapping remain unverified.

01 FACTS OF THE CASE

For AY 1973-74 (previous year 1972-73), the registered firm sold shares in several companies. Sales of shares in three companies produced gross long-term capital gains of Rs 5,61,508; sales of shares in six others produced long-term capital losses of Rs 96,583. The firm applied the section 80-T deductions to gains before subtracting losses and returned Rs 1,81,671 as assessable capital gain. The Income Tax Officer first netted the losses, obtaining Rs 4,64,925, and then applied section 80-T; the report states assessable capital gains of Rs 2,29,963 (physical pages 3-4).

The Appellate Assistant Commissioner dismissed the firm's appeal, but the Tribunal accepted its computation. On Revenue's reference, the Madras High Court answered against the assessee. The Supreme Court appeal arose from the High Court's 31 January 1989 judgment in Tax Case No. 900 of 1979. The report's intermediate computation rows contain visible arithmetic/omission defects; the stated competing end figures are preserved as reported, not reproduced as a verified model (physical pages 3-5).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The assessee argued that section 80-T prescribed different percentage deductions for land/buildings and for other capital assets, so each asset's gain should be dealt with separately before setting off losses. The Court confined the dispute to what actually arose: all assets sold were shares, within the same historical section 80-T(b)(ii) category. It expressly declined to determine the hypothetical case involving both statutory asset categories (physical pages 5–7).

Reading the opening words of section 80-T with historical section 70(2)(ii), and following its earlier V. Venkatachalam judgment, the Court held that the deduction applied to the long-term capital gains for the relevant previous year, meaning profits less losses. It rejected separate section 80-T deductions for each asset. Counsel accepted that the Rs 5,000 standard deduction applied to the totality of gains, but sought separate percentage deductions; the Court found no basis for that split approach (physical pages 5–7).

Canara Workshops had interpreted the distinct language of historical section 80-E in relation to separate priority industries. Its principle did not govern the present interaction of sections 80-T and 70(2)(ii) (physical pages 7–8).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The Court agreed with the High Court and dismissed the assessee's appeal, with no order as to costs. The same-year long-term share losses had to be set off before the historical section 80-T deduction. No remand was ordered and the hypothetical mixed-asset-category issue was left unanswered (physical pages 7–8).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee's appeal dismissed; no order as to costs

Final against the assessee on sequencing set-off and deduction for the long-term share transactions in AY 1973-74

Only one statutory asset category was involved; the Court did not resolve mixed land/building-and-other-asset computations or certify the report's defective intermediate table rows.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Separate asset-wise computation of gains from the later annual set-off and deduction sequence. In this case, a separate section 80-T percentage deduction for each share asset could not precede the same-year long-term loss adjustment. All transactions fell within one category, and that limit is part of the decision.

Do not use the scanned tables as a calculation template. The first table prints Rs 5,65,508 after deducting Rs 5,000 from Rs 5,61,508 and then prints Rs 2,76,254 before subtracting Rs 96,583; those rows do not arithmetically support the stated Rs 1,81,671 result. The officer's table omits an express Rs 5,000 deduction row and its displayed subtraction alone does not yield the reported Rs 2,29,963. The sequencing holding is clear despite these defects.

Preserve the reported end figures and the unresolved mixed-category question without silently repairing the judgment. This note concerns the statutory provisions as then in force; no comprehensive later treatment or current/2025 capital-gains mapping is verified.

Source: See the proposition-specific paragraph and PDF-page references below.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, author and appealed judgment

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: AY, competing computations and printed numerical defects

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Assessee's argument and single-asset-category limit

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Historical statutory text and annual netting rationale

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Express reservation of mixed categories

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

6.

Topic: Canara Workshops distinction and final dismissal

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

7.

Topic: Headnote/body cited-appeal-year conflict

Source url: [Open cited source](#)

Pdf pages: 2; 7

Paragraphs: Unnumbered judicial text

Source role: editorial headnote and judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

B.P. Jeevan Reddy, J.

OTHER STATUTORY CONTEXT

Sections 48–55 appear within the quoted historical section 70; no separate computation issue under an individual provision in that range is decided.; Historical section 80-E arises only in the distinguished Canara Workshops precedent, not as an operative claim by this assessee.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

ASSESSMENT-YEAR CONTEXT AND LIMITS

Relevant previous year: financial year 1972-73. AYs 1966-67 and 1967-68 occur only in the discussion of the distinguished Canara Workshops precedent.

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 8 PDF pages; SHA-256

24a2568764733bdcba6cfa3cc2883c2255f19eb98148c66eed4e4250cff4d23. Original bytes preserved.

Judicial text begins at physical page 3/SCR 448 with B.P. Jeevan Reddy J. and ends at physical page 8/SCR 453. Headnote pages 1–2 separated. Stray printed words above the page-2 running heading are excluded as extraneous contamination; the case's headnote remains clearly bounded.

Open cited source rendition

The source date misspells April as APPRIL; the judicial author's name is clear at physical page 3 despite inconsistent running-header spelling.; The headnote's V. Venkatachalam appeal number says 3044 of 1993 at page 2; the judicial text says 3044 of 1983 at page 7. No independent bibliographic certification of that earlier case is made.; The source lists T.A. Ramachandran for the respondent at page 3 but later calls him appellant's counsel. Counsel identification is not silently reconciled and is not included as verified case metadata.; The printed claimant computation has inconsistent intermediate amounts: Rs 5,65,508 after a Rs 5,000 reduction of Rs 5,61,508, and Rs 2,76,254 before deducting the loss. Images of pages 3–4 confirm the defects.; The printed officer computation on page 4 does not display the Rs 5,000 standard-deduction step; its shown Rs 4,64,925 less Rs 2,29,962 does not equal its stated final Rs 2,29,963. No corrected judicial table is fabricated.; The stray text above the page-2 running heading is extraneous source contamination, not part of the tax headnote or judgment.; The phrase separate assets must not erase the express one-category limitation: shares only. The mixed-category proviso is quoted, but its hypothetical operation is left undecided.

The lead appeal is 4851 (NT) of 1990. The headnote's cited V. Venkatachalam appeal is printed as 3044 of 1993, while the judicial text prints 3044 of 1983; this does not alter the present appeal number.

Cover prints APPRIL 28, 1993; the obvious month spelling defect is normalised to April. Day/year agree with ingestion metadata and the official JUDIS search result.

STATUTORY SCOPE

No automatic Income-tax Act, 2025 mapping or present-law certification. These notes concern the historical statutory language applied in the stated proceedings.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive later judicial treatment has not been verified. Any actually checked later authority is identified separately with its precise review scope.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 8](#)

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