

C.W.S. (India) Limited v. Commissioner of Income Tax

Civil Appeal Nos. 677–682 of 1987 and connected proceedings (full list below)

[1994] 2 SCR 247 | 1994-03-01

Whether the former employer deduction ceiling for employee-used assets applied only when the employee also received another benefit/perquisite, and whether the allowance limb included depreciation.

40(c)(iii), predecessor provision | 40(a)(v), historical | 40A(5), historical

2-judge bench | B.P. Jeevan Reddy, J. | B.L. Hansaria, J.

Assessment years: See the source-scope notes; no year inferred.

Partial disposal; editorial labels conflict with judicial reasons

Revenue succeeded on the decided historical ceiling and depreciation issues. Appeals 5018–5021/1991 remained alive on a separate second question; the repairs contention in another group was not entertained. The editorial precedent labels are reversed and its reserved-question summary conflates groups. Section 40A(5) had been omitted with effect from 1 April 1989; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

These connected assessee appeals challenged the interpretation of the historical employee-benefit deduction ceilings, principally former section 40(a)(v) and successor section 40A(5). The argument relied on the words “such employee” in the asset-use limb: the assessees said that expenditure or allowance on an employer-owned asset escaped the ceiling unless the employee also received a benefit under the other limb. The report supplies no assessment-year list or case-specific quantified expenditure (physical pages 3 and 6–7).

Separate arguments in the 1993 appeal group concerned depreciation and repairs. The 1991 group, Nos. 5018–5021, also had a second question said to correspond with a matter already pending before a three-judge Bench. The judicial ending distinguishes these matters, rather than disposing every question under one broad dismissal (physical pages 9–10).

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

02 DISCUSSION BY THE HON'BLE COURT

The asset-use limb was an expansion of the earlier restriction: it brought allowances on assets used by employees for their own benefit within the ceiling. Making that limb depend on provision of an additional benefit would produce an anomalous distinction between substantially similar arrangements. The Court rejected a mechanical reading of “such” that defeated the provision’s evident purpose, while explaining that the statutory language and scheme remained the basis of interpretation (physical pages 6–9).

For section 40A(5), the wording “an employee” removed that particular textual controversy. In both provisions, an allowance in respect of the employer’s asset included depreciation on such assets. The Court did not decide the separately urged repairs question because it did not appear to have been referred to or answered by the High Court (physical pages 9–10).

The Court agreed with the Kerala Full Bench in *Forbes, Ewart and Figgies* on the main construction. The editorial page 2 labels that case disapproved and *Travancore Tea Estates* approved, but the judicial reasons show the reverse treatment on the relevant issue. The separate 1991 group’s second question was left for hearing with *Industrial Chemicals*, Civil Appeal 8168/1988; the body does not identify it as necessarily the same repairs question just declined in the 1993 group (physical pages 7 and 9–10).

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

03 JUDICIAL DECISION

All appeals except Nos. 5018–5021/1991 were dismissed, without costs. Nos. 5018–5021/1991 were dismissed only on the first question; they remained pending on the second question for hearing with Civil Appeal 8168/1988. The Court did not finally answer that retained second question or make a quantified deduction order (physical page 10).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the decided ceiling and depreciation questions; the 1991 group’s second question was retained as pending by this judgment

Other appeals dismissed without costs; Nos. 5018–5021/1991 partially dismissed and retained for the second question

Final interpretation of the decided historical provisions; expressly incomplete disposal of the 1991 group

No independent repairs holding, no final answer to the retained second question, and no current employee-expense ceiling or depreciation rate.

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

05 AKHB REVIEW POINT

Keep the employer's deduction limitation distinct from the employee's own taxable perquisite valuation. This judgment construed what expenditure or allowance fell within the historical employer ceiling; it did not prescribe an employee valuation rule. Also distinguish original depreciation entitlement from counting an allowance within that ceiling.

For research, read the judicial ending rather than the summary label. The repairs contention in one group was not entertained on the stated record, while an unspecified second question in another group remained pending. The report's editorial summary conflates them and reverses the treatment of the Kerala decisions.

The judgment itself records that section 40A(5) was omitted from 1 April 1989. Its old ceilings, salary references and asset illustrations are not present-law limits. Later resolution of the retained question, comprehensive subsequent treatment and 2025 Act mapping have not been verified.

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

APPEAL AND PROCEEDING NUMBERS

Civil Appeal Nos. 677–682 of 1987 / Civil Appeal Nos. 493–498 of 1984 / Civil Appeal Nos. 487–492 of 1984 / Civil Appeal Nos. 5018–5021 of 1991 / Civil Appeal Nos. 4614–4616 of 1993 (caption; argument refers to 4614–4615)

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal groups and source inconsistencies

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3; 4

Paragraphs: Unnumbered judicial text

Source role: report metadata editorial synopsis and judicial text

2.

Topic: Historical provision and two limbs

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6; 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Construction and actual precedent treatment

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Depreciation, repairs reservation and separate retained question

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Precise partial and final dispositions

Source url: [Open cited source](#)

Pdf pages: 10

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

B.P. Jeevan Reddy, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 10 PDF pages; SHA-256

17506dee04906f136da6cdac4e44e51aa76749c57f9eaba18920f827781d59f2. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–10 / SCR 249–256; statutory and Maxwell quotations separated from present holdings. Editorial pages 1–3 contain a reversed precedent label and conflated reserved question.

[Open cited source rendition](#)

The caption prints a malformed 50180–21/1991, resolved by the twice-repeated operative 5018–21/1991. The caption's 4614–16/1993 and argument's 4614–5/1993 are both preserved, with no invented allocation.; The judicial opening mistakenly repeats 40A(5) for both sides of the 1972 substitution and prints Finance Act 1973 with effect from 1963 for the predecessor. Clear surrounding historical descriptions control the note; the apparent year slip is not silently certified as a legislative date.; The section 40 opening reproduced on page 4 omits "not" before "deducted"; the statutory heading and repeated disallowance reasoning do not permit treating it as an allowance rule.; Editorial precedent labels on page 2 are opposite to the judicial endorsement of the Full Bench on page 9.; The editorial repair/subsistence summary conflates distinct groups. The Court declined the 1993 repairs contention and separately retained the 1991 second question without identifying its full wording.; No assessment year or monetary disallowance is given. Statutory commencement dates and illustration amounts are not case-specific AYs or awards.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment search is certified. Any actually checked later judgment or statute is expressly identified in this note.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 10](#)

SHA-256: 17506dee04906f136da6cdac4e44e51aa76749c57f9eaba18920f827781d59f2

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