

Kerala Financial Corporation Etc. v. Commissioner of Income Tax, Kerala

I.A. Nos. 1-6 in Civil Appeal Nos. 4636-4641 of 1994

[1996] 1 SCR 365 | 1996-01-11

The Court deleted the 1994 judgment's refund observations and substituted recourse to the Act's bad-debt provisions upon write-off of advances. It awarded no automatic refund or deduction.

Two-judge bench | Kuldip Singh, J. | B.L. Hansaria, J.

Refund language was deleted, with later main-judgment treatment separately noted

This 1996 order replaced the earlier refund observations with resort to the statutory bad-debt provisions; it did not award an automatic refund or deduction. UCO Bank later disagreed with the 1994 main judgment's circular treatment, but did not reverse this correction. The original main judgment is not fully reviewed here, and current entitlement and comprehensive treatment remain unverified.

01 FACTS OF THE CASE

Revenue brought six applications in Civil Appeals 4636-4641 of 1994. It asked the Court to correct the refund observations in paragraphs 9-15 of its judgment dated 12 May 1994 because those observations did not reflect the State Bank of Travancore majority that the earlier decision had followed. The taxpayer's counsel did not dispute that point. The correction order supplies no assessment years, amounts or particular write-off facts.

Source: [Unnumbered judicial text; PDF pages 1, 2](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court separated a refund of tax paid on interest from the statutory treatment of an advance written off as a bad debt. The State Bank of Travancore majority had not stated the refund proposition. The identified refund observations were therefore deleted and replaced by the statutory bad-debt route. This was a correction of particular observations, not an order vacating the whole earlier judgment or deciding that every condition for a deduction was met.

Source: [Unnumbered judicial text; PDF page 2](#)

03 JUDICIAL DECISION

The six applications were disposed of with the specified deletion and replacement. No quantified relief or separate costs direction was recorded.

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04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded on correction of the refund wording. No fresh assessment, proved bad-debt allowance or automatic refund was ordered.

Source: [Unnumbered judicial text; PDF page 2](#)

05 AKHB REVIEW POINT

Check the correction history before relying on a favourable remedial sentence. This order directs the taxpayer to the applicable bad-debt provisions; it does not itself establish entitlement on a particular write-off.

Source: [Unnumbered judicial text; PDF page 2](#)

SOURCE & VERIFICATION

[Original correction order \(reported SCR copy\)](#)

Two-page reported SCR copy; operative correction at SCR 365G-366C. The source is not independently authenticated as a signed original.

[Open cited source rendition](#)

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 2026-10-06. UCO Bank v. CIT, decided 13 May 1999, expressly disagreed with the 1994 KFC judgment's treatment of beneficial CBDT circulars (physical 11-14, especially 14/SCR648A-C). Its recital of the old refund sentence is separate from this 1996 order's operative deletion; it is not a fresh disposal of these correction applications.

This note reviews the 1996 correction and the specified UCO Bank passage. The 1994 main judgment was not reviewed in full; complete later history and current bad-debt entitlement are not certified.

IDENTIFIED SOURCE LINKS

[UCO Bank, 13 May 1999 — bounded physical pages 11-14](#)

[Related note: UCO Bank, Calcutta v. Commissioner of Income Tax, West Bengal; connected Tamil Nadu Industrial Investment Corporation appeals](#)

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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