

M/s. Kalpetta Estates Ltd. Etc. Etc. v. The Commissioner of Income-Tax, Cochin

Civil Appeals Nos. 9188–90 of 1996 Etc. Etc.

[1996] Supp. 3 SCR 620 | 1996-07-16

Whether sale of old, unyielding rubber trees generated capital gains on the historical valuation facts, and whether Rubber Board replantation subsidy was taxable as a revenue receipt, subject to each appeal's confined issue.

45 (reported headnote) | 55(2) | 10(31) (quoted Revenue submission) | 40A(5) (expressly not considered)

Two-judge bench | B.P. Jeevan Reddy, J. | K.S. Paripoornan, J.

Assessment years: 1968-69, 1969-70, 1971-72, 1972-73, 1973-74, 1974-75, 1975-76, 1976-77, 1977-78, 1978-79

Mixed disposition and overlapping printed groups

The source allows groups A/B/D but dismisses C/E/F; the groups overlap and SLP years vary within the report. Do not describe all 32 appeals as allowed or invent individual reconciliations. Valuation-method and section 40A(5) merits were not adjudicated. The historic tree-sale and subsidy holdings are not general expense deductions or present-day exemptions; later treatment remains unverified.

01 FACTS OF THE CASE

The judgment describes 32 appeals in 20 sets, with leave granted and delay condoned in the cases requiring it. Rubber-estate assessees sold old, uneconomic and unyielding trees in the accounting years corresponding to the assessment years listed in paragraph 3. The ITO assessed the difference between sale proceeds and values notionally assigned as at 1 January 1954 or 1 January 1964 under section 55(2). The assessees argued that the trees had been productive at the relevant historical valuation date but were exhausted when sold. The Tribunal accepted the capital-gains objections in most cases; the High Court upheld the Revenue position (physical pages 2–3, paragraphs 1–4).

The batch also contained challenges to treating Rubber Board replantation subsidy as revenue income. Not every appeal raised both issues. Paragraph 5 separates capital-gains exigibility, valuation-method-only and subsidy cases, and explains why certain depreciation/maintenance and section 40A(5) issues were outside the leave or points pursued. The printed groups overlap and some SLP identifiers vary within the report (physical pages 3–4, paragraph 5).

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

02 DISCUSSION BY THE HON'BLE COURT

In the valuation-method-only group C, whether any capital gains arose was not the referred issue; it had been accepted or assumed. No argument attacked the valuation method before the Supreme Court, so the Court did not adjudicate that method or permit the larger liability question to be substituted. Sections concerning depreciation/maintenance and section 40A(5) likewise were not examined on their merits (physical page 4, paragraph 5).

For the two issues properly before it, the Court relied on intervening decisions and the Revenue's recorded position rather than undertaking a fresh detailed valuation exercise. It described the 23 July 1993 dismissal on merits of the Revenue's SLPs in the Malankara matter, a later Kerala decision finding no gains on exhausted trees by comparison with their historical productive value, and the Department's acceptance of the later High Court decision on both tree sales and subsidy (physical pages 5–6, paragraphs 7–10).

The quoted affidavit refers to section 10(31), but the Court did not conduct a separate element-by-element exemption analysis. Its concluding holdings were that no capital gains arose on these sales of old, unyielding trees and that Rubber Board replantation subsidy could not be treated as revenue receipt and taxed as income. The result remains tied to the specified transactions, subsidy and procedural groups (physical pages 6–7, paragraphs 9–12).

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

03 JUDICIAL DECISION

Paragraph 11 allows the appeals falling within groups A, B and D, but expressly dismisses those described as falling within groups C, E and F. Paragraph 12 states that appeals are allowed only to the indicated extent and makes no order as to costs. Because paragraph 5 places some identifiers in overlapping groups and prints inconsistent SLP years, the report does not support an unqualified all-appeals-allowed statement or a safely reconciled appeal-by-appeal result. The valuation-method-only and section 40A(5) matters must not be portrayed as affirmative merits rulings (physical pages 4 and 6–7).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Mixed: assessee relief on groups A/B/D as stated; no interference/dismissal for groups C/E/F as stated

Allowed only to the extent indicated; mixed group dispositions; no order as to costs

Two historical tax issues resolved subject to group and leave limitations; valuation-method and section 40A(5) merits not adjudicated

No blanket exemption of every rubber-tree sale or subsidy; no holding that all 32 appeals succeeded; individual result reconciliation remains limited by the printed source.

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

05 AKHB REVIEW POINT

Separate the taxable-event question from a valuation-method question and from an issue excluded by limited leave. A favourable statement on whether gains arise cannot automatically reopen an appeal confined to valuation, especially where that method was not argued. The two substantive holdings here concern exhausted trees with the specified historical valuation context and this Rubber Board replantation subsidy; they are not general business-expense or business-loss deductions.

For publication and any case-specific reliance, retain the mixed disposition, overlapping groups and inconsistent identifiers. Do not silently move an appeal between groups, infer that every party won, or supply a missing year. The affidavit's section 10(31) statement is attributed to Revenue, not presented as an independent comprehensive exemption test. No later judicial or statutory treatment of these holdings has been separately verified; current subsidy law, cost rules and statutory mapping require fresh examination.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, leave, stated batch size and exact year list

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Paragraphs 1–3 and front matter

Source role: reported metadata and judicial text

Scr pinpoint: 620 A–B; 621 B–H

2.

Topic: Historical values and procedural facts

Source url: [Open cited source](#)

Pdf pages: 2; 3

Paragraphs: Paragraphs 3–4

Source role: judicial text

Scr pinpoint: 621 G–H; 622 A–G

3.

Topic: Groups, restricted issues and overlapping identifiers

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: Paragraph 5(A)–(F)

Source role: judicial text

Scr pinpoint: 622 G–H; 623 A–F

4.

Topic: Earlier decisions as recounted and Revenue affidavit

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: Paragraphs 7–10

Source role: judicial text

Scr pinpoint: 624 B–H; 625 A–G

5.

Topic: Mixed operative disposition, two holdings and costs

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: Paragraphs 11–12

Source role: judicial text

Scr pinpoint: 625 H; 626 A–B

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

K.S. Paripoornan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

REPORTED APPEAL GROUPS

1.

Group: A

Scope: Both capital-gains exigibility and subsidy

Slp numbers as printed: 11058/88; 15594–95/98

Pinpoint: PDF page 3/SCR 622 G–H, paragraph 5(A)

Operative group wording: Allowed in paragraph 11, subject to unresolved printed overlap

2.

Group: B

Scope: Capital-gains exigibility

Slp numbers as printed: 11118–19/88; 12603–4/87; 15685/88; 13937–38/88; 11740–42/88

Pinpoint: PDF pages 3–4/SCR 622 H–623 A, paragraph 5(B)

Operative group wording: Allowed in paragraph 11

3.

Group: C

Scope: Valuation method only; no argument addressed to that method

Slp numbers as printed: 2416–18/95; 12599–600/87; 14071/88; 14072/88; 14073/88; 12300/87

Pinpoint: PDF page 4/SCR 623 A–C, paragraph 5(C)

Operative group wording: Dismissed/no interference in paragraph 11; valuation merits not adjudicated

4.

Group: D

Scope: Subsidy only

Slp numbers as printed: 11446-47/88; 11068/88; 13321/88; 11042/88; 15742-43/88; 15744-45/88; 15747/88

Pinpoint: PDF page 4/SCR 623 C-D, paragraph 5(D)

Operative group wording: Allowed in paragraph 11, subject to unresolved printed overlap

5.

Group: E

Scope: Depreciation/maintenance and section 40A(5) outside limited leave

Slp numbers as printed: 15594-95/88

Pinpoint: PDF page 4/SCR 623 D-E, paragraph 5(E)

Operative group wording: Dismissed/no interference in paragraph 11; overlaps the 15594-95 series in A/F

6.

Group: F

Scope: Points pursued confined to subsidy; additional section 40A(5) point not considered

Slp numbers as printed: 15594-95/88; 15742-43/88

Pinpoint: PDF page 4/SCR 623 E-F, paragraph 5(F)

Operative group wording: Dismissed/no interference in paragraph 11; overlaps A/D/E

ASSESSMENT-YEAR SCOPE AND LIMITS OF THE OPERATIVE DIRECTION

Paragraph 3 lists these ten years as applicable to different assessees. It does not list AY 1970-71. AY 1980-81 appears only in a quoted Revenue affidavit about another High Court decision and is not added as a present-batch year.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 7 PDF pages; SHA-256

c05881826fbb4013738af4e9f40391c6aef7fd483c2f8675a6283716efb926ef. Original bytes preserved.

Complete numbered judicial text paragraphs 1-12, physical pages 2-7/SCR 621-626; editorial pages 1-2 separately distinguished. No adjoining judgment.

Open cited source rendition

Paragraph 2 expressly states 32 appeals in 20 sets; the front caption supplies only Civil Appeals 9188-90 of 1996 etc. No complete newly numbered appeal list is invented.; Paragraph 3 omits AY 1970-71 from its explicit list. A continuous 1968-69 to 1978-79 label would hide that omission.; Group A on physical page 3 prints SLPs 11058/88 and 15594-95/98. Other passages use 15594-95/88; paragraph 9 uses 15594-95/95. These are source-level variations, not corrected facts.; The same 15594-95 series appears in A/E/F, and 15742-43/88 appears in D/F. Paragraph 11 nevertheless allows A/B/D and dismisses C/E/F. No individual allocation resolving that overlap is certified.; Group C raises valuation method only and no argument was advanced on that method. The Court did not affirm a universally correct valuation formula.; Section 40A(5) and depreciation/maintenance issues were expressly not considered, by the leave limitation or the points pursued.; AY 1980-81 and section 10(31) occur inside the quoted Revenue affidavit. They are not automatically present-batch facts or a separately reasoned exemption holding.; The earlier SLP dismissal, accepted High Court decisions and affidavit are known through this judgment. Their underlying records were not independently reviewed; no general rule about the precedential effect of all SLP dismissals is asserted.; The final editorial line says Appeals allowed, but the operative paragraphs expressly preserve dismissals and relief only to the stated extent.

Operative 1961 Act capital-gains and replantation-subsidy issues. This is not an expense-deduction or business-loss holding; section 40A(5) questions were not decided.

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 later judicial or statutory check was independently completed for Kalpetta. The earlier judgments, SLP dismissal and affidavits recounted in the 1996 source were read as part of it; this is not a separate verification of those underlying records or of subsequent treatment.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 7](#)

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