

Waldies Ltd. v. Commissioner of Income Tax, West Bengal

Civil Appeal No. 1790 of 1979

[1996] Supp. 8 SCR 879 | 1996-11-20

Surtax rectification after reversal of the underlying income-tax reassessment.

Companies (Profits) Surtax Act, 1964: sections 2(5), 4, 13 and 14 | Income-tax Act, 1961: section 147

2-judge bench | B. P. Jeevan Reddy, J. | Suhas C. Sen, J.

Assessment years: 1964-65

Limitation relates to the amended order being corrected

This decision does not dispense with the four-year limitation. The second rectification corrected the September 1968 amended order, rather than reopening the March 1965 original assessment. The argument concerning the 1971 amendment to section 14 was left undecided.

01 FACTS OF THE CASE

For AY 1964-65 the company was assessed to income tax on 29 March 1965 and surtax on 30 March 1965. A 1968 income-tax reassessment under section 147 increased tax liability. On 16 September 1968 the surtax assessment was rectified to deduct that additional tax, reducing surtax. The income-tax reassessment was cancelled on appeal in November 1970. On 21 April 1971 a second surtax rectification withdrew the additional deduction. The company challenged the existence of an apparent mistake and limitation measured from the original assessment.

Source: [SCR p. 882 / PDF p. 4](#)

02 DISCUSSION BY THE HON'BLE COURT

Surtax chargeable profits began with income computed under the Income-tax Act, subject to statutory adjustments. The underlying income-tax assessment therefore formed part of the surtax record. Once the increased income-tax liability disappeared, the consequent deduction could not remain. On limitation, the Court identified the September 1968 rectification as the order being corrected in April 1971: the officer was restoring the original position by correcting the intervening amended order, not rectifying the March 1965 assessment afresh.

Source: [SCR pp. 884-885 / PDF pp. 6-7](#)

03 JUDICIAL DECISION

The Court sustained the second rectification under section 13 and dismissed the company's appeal with no order as to costs. It found it unnecessary to decide the separate contention that the amendment to section 14 on 1 April 1971 could not support the 21 April 1971 order.

Source: [SCR p. 885 / PDF p. 7](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue: the additional surtax deduction attributable to the cancelled income-tax reassessment could be withdrawn. The result is confined to the linked assessment record and correction of the intervening amended order; it is not authority for unlimited successive rectification.

Source: [SCR pp. 884-885 / PDF pp. 6-7](#)

05 AKHB REVIEW POINT

AKHB analysis: map every original, appellate and rectification order with dates and the exact item changed. Identify which order contains the mistake now targeted before calculating limitation. Where one levy uses another assessment as its computational foundation, examine that connected record. Do not cite a statutory issue expressly left open as though the Court decided it.

Source: [AKHB analysis based on SCR pp. 882-885 / PDF pp. 4-7](#)

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STATUTORY SCOPE

Apply the historical statutory provisions and assessment years stated in this note. Present statutory applicability and any Income-tax Act, 2025 crosswalk have not been determined.

LATER TREATMENT

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