

M/s. Ashok Leyland Ltd., Madras v. Commissioner of Income Tax, Madras

Civil Appeal Nos. 1295–1296 (NT) of 1980

[1996] Supp.10 SCR 467 | 1996-12-19

Whether income from imported spare parts sold to purchasers of the assessee's trucks was attributable to its priority industry for historical sections 80E and 80I.

80E, historical priority-industry deduction for AY 1966-67 | 80I(1), historical priority-industry deduction for AY 1967-68 | 80B(7), historical definition of priority industry | 256(1)

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

Assessment years: 1966-67, 1967-68

Historical eight-per-cent relief on integrated spare-parts facts

This ruling concerns AY 1966-67 under historical section 80E and AY 1967-68 under historical section 80I, whose quoted allowance is eight per cent. It rests on imports supplying parts for the assessee's own truck customers and on "attributable to", not a general exemption for trading income. The two appeals were allowed with no costs; the cited AYs 1968-69 and 1969-70 are separate High Court history. Current statutory equivalence and later treatment are unverified.

01 FACTS OF THE CASE

The assessee manufactured Ashok Leyland trucks and their spare parts and also imported spare parts for sale to customers who had bought its trucks. Its phased manufacturing programme did not yet provide sufficient quantities or every required part. Imports met that shortfall as a matter of commercial expediency; as local spare-parts production increased, imports correspondingly declined (physical pages 2 and 4; SCR 468F–H and 470B–D).

For AY 1966-67 it claimed section 80E relief, and for AY 1967-68 section 80I relief, on the imported-parts income. The ITO rejected the claim, the Tribunal accepted it, and the Madras High Court answered the section 256(1) reference for Revenue. The source states no disputed profit amount. A later High Court ruling for the same parties concerning AYs 1968-69 and 1969-70 had taken the opposite view; those later years were cited as supporting authority and were not the assessments disposed of in these two appeals (physical pages 2–3; SCR 468D–469D).

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

02 DISCUSSION BY THE HON'BLE COURT

The relevant historical sections used the phrase “attributable to” a priority industry. The Court reproduced section 80I(1), allowing a deduction equal to eight per cent of qualifying profits and gains, subject to that section, and section 80B(7)’s definition. The assessee’s manufacturing activity was admittedly a priority industry; the dispute concerned the connection of the imported-parts profits with that activity (physical pages 3–4; SCR 469E–470B).

On the Tribunal’s findings, importing the necessary parts was intimately connected with manufacturing and selling the trucks. It could not reasonably be separated from that main business merely because those particular parts had been imported. Applying *Cambay Electric*, the Court explained that “attributable to” was wider than “derived from”, and accepted the reasoning of the later Madras High Court decision. *Cambay Electric*’s section 41(2) balancing charge was a cited analogy, not an additional disputed receipt in these appeals (physical pages 4–5; SCR 470B–471D).

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

03 JUDICIAL DECISION

Both assessee appeals were allowed. The judgment under appeal was set aside and the referred question was answered affirmatively for the assessee and against Revenue, establishing entitlement to the stated historical relief on these imported-parts profits. There was no order as to costs and no remand or quantified deduction was directed (physical page 5; SCR 471D–E).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Two appeals allowed; High Court judgment set aside; reference answered affirmatively; no costs

Final historical eligibility ruling for AYs 1966-67 and 1967-68

The integrated spare-parts facts and the historical “attributable to” wording govern. This is not a holding that all trading profits qualify or that every later provision with similar numbering grants an eight-per-cent deduction.

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

05 AKHB REVIEW POINT

Identify the precise statutory wording and the operational connection before relying on this judgment. The accepted facts concern imports filling a parts shortage for the assessee's own truck customers during a phased manufacturing programme. A separate, unrelated trading business was not before the Court. The broader phrase "attributable to" should not be substituted for "derived from" in a different provision.

The eight-per-cent figure is the historical rate in the quoted section 80I(1), not a present-law rate. The judgment treats the relevant sections 80E and 80I as identically framed for the two assessment years, but supplies neither a profit figure nor a fresh arithmetic computation. Keep AYs 1968-69 and 1969-70 confined to the cited High Court history and preserve the two-appeal grouping without inventing an appeal-number-to-year allocation. Subsequent statutory changes and later judicial treatment remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal group, referred question and operative years

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Caption; unnumbered opening at SCR 468B–H

Source role: reported metadata and judicial text

2.

Topic: Lower-court outcome, later-year distinction and historical eight-per-cent provision

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: Unnumbered reasons; SCR 469A–H

Source role: judicial text

3.

Topic: Tribunal findings and statutory connection

Source url: [Open cited source](#)

Pdf pages: 4

Paragraphs: Unnumbered reasons; SCR 470A–G

Source role: judicial text

4.

Topic: Quoted expression distinction and final order

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Cambay Electric quotation, paragraph 8; unnumbered conclusion; SCR 470G–471E

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: 5 PDF pages; SHA-256

8887b20501ac5e2e88e17394ab2484ab5bed33707db78c29659842a424040e97. Original bytes preserved.

Complete judicial text: physical pages 2–5, SCR 468–471. Editorial headnote occupies physical page 1 and the beginning of page 2. The paragraph numbered 8 on pages 4–5 belongs to the quoted Cambay Electric judgment, not a paragraph numbering system for this judgment.

Open cited source rendition

The repository metadata lists Civil Appeal 1295/1980 alone; the actual report caption is Civil Appeal Nos. 1295–96 (NT) of 1980, and the operative order allows the appeals in the plural.; The headnote's later High Court reference says Tamil Nadu II, while the judicial text says Tamil Nadu-III; the common reported citation is 130 ITR 900. No distinct case is invented from that label variation.; The High Court front matter gives 4 February 1978 and an incomplete T.C. number for 1975. The missing number is not reconstructed.; AYs 1968-69 and 1969-70 belong to the cited later High Court ruling, not these appeals. No assessment amount or deduction amount is stated.; The paragraph number 8 is inside the Cambay Electric quotation. Section 41(2) and section 80J appear in that precedent discussion, not as independent operative issues here.; The eight-per-cent allowance and priority-industry definition are historical. The judgment does not certify present section numbering, rates or current eligibility.

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 independent later-treatment or current statutory search was completed. Authorities discussed within the source are reported as part of this judgment, not as separately verified later-treatment events.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 5

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