

The Commissioner of Income Tax v. M/s. Express News Papers Ltd.

Civil Appeal Nos. 2941–2942 of 1985

[1998] 1 SCR 288 | 1998-01-21

Whether a board resolution in December 1962 to pay an interim dividend in January 1963 protected that distribution from rebate reduction under the Finance Act, 1964 for AY 1964-65.

Two-judge bench | B.N. Kirpal, J. | S.P. Kurdukar, J.

Assessment years: 1964-65

Historical annual-tax rebate; no current interim-dividend rule certified

This companion note concerns the Finance Act, 1964 company-tax rebate for AY 1964-65 and only one of three referred questions. It claims no numbered 1961 Act holding. Both Revenue appeals were allowed without costs. Express's articles were absent, and the Court used the historical Companies Act, 1956/Table A distinction. Do not apply that interim-dividend reasoning to later company law or present dividend taxation without verification. Comprehensive later treatment and 2025 Act mapping remain unverified.

01 FACTS OF THE CASE

The public company running The Indian Express used the calendar year as its accounting year. On 6 December 1962 its board resolved to distribute an interim dividend, payable on 16 January 1963. The referred question identified Rs 3,39,000. Thus the board resolution fell in the previous year relevant to AY 1963-64, and the payment in the previous year relevant to the disputed AY 1964-65 (physical page 2/SCR 289).

The ITO reduced the company's Finance Act, 1964 rebate by reference to the January distribution. The company claimed that Explanation 3 protected dividends declared before the start of the previous year but distributed in that year. After the appellate authorities rejected its claim, the High Court accepted it. Of three referred questions, only this rebate question remained before the Supreme Court; the High Court's answers to the other two stood concluded (physical pages 2–3).

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

02 DISCUSSION BY THE HON'BLE COURT

The annual Finance Act used the alternatives declared or distributed. Explanation 3 prevented the specified rebate reduction for dividends declared before the relevant previous year and distributed during it. The issue was therefore whether this board decision was a declaration by the company of the kind contemplated by that protection (physical pages 3–4).

Under the historical Companies Act, 1956 framework and Table A clauses considered, the Court distinguished a company's declaration in general meeting from a board decision to pay an interim dividend. The latter did not itself vest an enforceable right in the shareholder and could be rescinded before payment. The Court relied on *J. Dalmia* for that distinction. It expressly noted that the respondent's articles were not on record and proceeded on the normal Table A assumption; the articles and dates of *Govan Bros.* and other companies in the quoted precedent are not *Express's* documents or facts (physical pages 4–6).

Because there was no qualifying company declaration in December 1962, the January 1963 distribution governed. The specified rebate reduction therefore applied for AY 1964-65 (physical pages 6–7).

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

03 JUDICIAL DECISION

Both Revenue appeals were allowed. The High Court judgment was set aside on the relevant question, which was answered in the affirmative and for Revenue, sustaining the rebate reduction for AY 1964-65. There was no order as to costs. The order did not redetermine the other two questions or provide a new tax calculation (physical pages 2 and 7).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the rebate question

Two appeals allowed; relevant High Court answer reversed; no order as to costs

Final historical annual Finance Act rebate ruling

One of three reference questions; company's AY 1964-65 rebate, not an adjudication of the shareholders' tax or a current rule under later company law.

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

05 AKHB REVIEW POINT

For a historical annual-tax rebate, identify the exact annual Finance Act, the relevant accounting year, the corporate body making the decision and the actual distribution date. A word used casually in board minutes need not carry the statutory consequences of a company declaration. Keep the company's rebate computation separate from the shareholder's income-tax timing.

This note is included as an annual Finance Act income-tax/supertax computation companion because the order directly determines the company's income-tax computation for AY 1964-65. It asserts no numbered 1961 Act holding. The historical interim-dividend reasoning must not be exported to later Companies Acts or current dividend regimes without checking their wording; no such later-law verification has been undertaken.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, two appeals, disputed year, dividend and limited question

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Annual tax/rebate provisions and Explanation 3

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Historical company-law distinction and missing articles

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Quoted precedent distinguished and application to January payment

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Operative allowance and costs

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Court (reasoned order; no individual author named)

ACT IDENTIFIED IN THE REVIEWED SOURCE

Finance Act, 1964 (annual income-tax/supertax computation)

SCOPE OF THE ANNUAL FINANCE ACT COMPANION DECISION

Annual Finance Act income-tax/supertax computation companion; no numbered Income-tax Act, 1961 holding claimed

RELATED STATUTORY PROVISIONS AND THEIR HISTORICAL SCOPE

Finance Act, 1964: relevant rebate provisos, second proviso clause (i)(c) and Explanation 3, as reproduced in the order; Companies Act, 1956: section 205 and Table A clauses 85–86, as considered historically

SOURCE & VERIFICATION

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

Identified source rendition: 7 PDF pages; SHA-256

a0059458b15cb7253de641decab62be58d9b426fcca6b79c2cd546ae2310e402. Original bytes preserved.

Complete unnumbered judicial order physical pages 2–7/SCR 289–294; all 7 source pages read. Editorial cover and embedded J. Dalmia/Lagunas extracts distinguished.

[Open cited source rendition](#)

The judicial cover lists Civil Appeal Nos. 2941–2942 of 1985; the lead-only machine metadata and singular editorial closing label do not reduce that two-appeal disposition.; AY 1964–65 alone is in issue. AY 1963–64 describes the preceding resolution year; AYs 1951–52 and 1952–53 occur in the quoted J. Dalmia discussion and are not Express's appealed years.; Two other reference questions were expressly outside these appeals and already concluded in the High Court. Their substantive contents and outcomes are not supplied here.; The respondent's articles of association were not on record. The Court's normal Table A assumption is preserved, rather than represented as documentary verification of Express's articles.; Physical page 3 describes the rate location as paragraph D of Part (II) and uses variable proviso labels elsewhere. This note identifies the actual reproduced rebate clause and Explanation 3 without claiming an independently verified Finance Act schedule citation.; A passage in the embedded J. Dalmia quotation on physical page 6 prints the malformed wording no enforceable obligation rescinded. The surrounding reasoned application is paraphrased; no reconstructed quotation is attributed to the original case.

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. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

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

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