

The Commissioner of Income Tax, Delhi v. M/s Hindustan Times Ltd., New Delhi

Civil Appeal Nos. 1225–1230 of 1990

[1998] 3 SCR 197 | 1998-05-06

Whether Rs 36,96,516 paid for commercial use of additional space in a newly constructed multistoreyed building formed part of the building's depreciable cost rather than the cost of land.

32(1) (reporter classification; depreciation issue) | 256(2)

Two-judge bench | Sujata V. Manohar, J. | M. Jagannadha Rao, J.

Assessment years: 1973-74, 1974-75, 1977-78, 1978-79, 1979-80, 1980-81

Specified building-space premium; land remains distinct

The Rs 36,96,516 premium was included in building cost on this indenture and the already-commercial land-use facts. This does not allow depreciation on land or classify every commercialisation payment alike. Six appealed years are covered; AYs 1975-76 and 1976-77 were not appealed. No depreciation rate or tax calculation is supplied, and costs are unquantified. Comprehensive later treatment, present law and 2025 Act mapping remain unverified.

01 FACTS OF THE CASE

The company bought an existing residential building at 18–20 Kasturba Gandhi Marg, New Delhi, in 1961. Under an agreement of 21 October 1962 it paid Rs 3,65,875 as commercialisation charges for the then-existing 51,198-square-foot built-up area, in addition to ground rent. In 1965-66 it demolished that building and put up a new multistoreyed building, completed around 1973 (physical page 2/SCR 198).

Under the 5 March 1973 indenture it paid a further Rs 36,96,516, separately from additional ground rent, for commercial use of the additional built area. It included that sum in building cost and claimed depreciation. The six appeals concerned AYs 1973-74, 1974-75 and 1977-78 through 1980-81. The first two years' allowances had been reopened and disallowed; AYs 1975-76 and 1976-77 were allowed and no appeals for them were filed. CIT(A), the Tribunal and the High Court supported inclusion in building cost for the contested years (physical pages 2–4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court examined what the additional payment purchased under the indenture. The land had already been converted to commercial use in 1962. The later premium related to the additional constructed space, described as 345,144 square feet for office purposes, while the additional land ground rent was a separate amount. It was therefore part of the cost incurred in putting up the business building (physical pages 3–4).

Revenue relied on Alps Theatre, which distinguished non-depreciable land from depreciable building cost. The Court did not reject that distinction. It held that it did not resolve this different question: whether the particular additional payment belonged in the building's cost. On the indenture and existing-use facts, the High Court's answer was correct (physical page 4).

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

03 JUDICIAL DECISION

All six Revenue appeals were dismissed with costs. The inclusion of Rs 36,96,516 in the cost of the building for depreciation was sustained. The Court gave no depreciation rate, year-by-year tax computation or costs amount, and did not adjudicate the unappealed intervening years (physical page 4/SCR 200).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Six Revenue appeals dismissed with costs

Final classification of the specified premium as building cost for the six appealed years

Depends on the identified indenture and pre-existing commercial land use; does not permit depreciation on land itself or automatically classify all land-use premiums as building cost.

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

05 AKHB REVIEW POINT

Trace each payment to the right or facility actually obtained. Preserve the original land-use conversion, the later permission for additional building space and ground rent as separate transactions. The commercial-use label and payment to a public lessor do not, by themselves, settle whether cost attaches to land or building.

The Court sustained classification of the specified premium, not a general depreciation rate or a new rule for every conversion charge. Keep the six litigated years distinct from the two years in which no appeals were filed. Any later statutory definition, block-of-assets rule or judicial treatment requires a separate check.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, six appeals and precise appealed years

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Earlier conversion, reconstruction and 1973 indenture

Source url: [Open cited source](#)

Pdf pages: 2; 3

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Unappealed years and land/building competing classifications

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Additional-space reasoning, Alps Theatre distinction and dismissal

Source url: [Open cited source](#)

Pdf pages: 4

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

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 4 PDF pages; SHA-256

dccbad9839f96a41f36739084e360de07730478fd56ebb00c98e90dcddf305f3. Original bytes preserved.

Complete unnumbered judicial order physical pages 2–4/SCR 198–200; all 4 source pages read. Editorial cover distinguished.

[Open cited source rendition](#)

The source covers six appeals, Nos. 1225–1230 of 1990, and six stated assessment years. The raw machine index lists only the lead appeal.; AYs 1975-76 and 1976-77 were expressly not appealed and are not included as disposed-of Supreme Court merits years.; Rs 3,65,875 is the earlier commercialisation payment; Rs 36,96,516 is the disputed later premium. Additional ground rent is separate and is not quantified here.; The 51,198-square-foot earlier area and 345,144-square-foot additional office space are stated separately in the source. No invented total area or premium allocation is calculated.; The decision distinguishes Alps Theatre's question without authorising depreciation on the underlying land. Costs are awarded but unquantified.

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: 4](#)

SHA-256: dccbad9839f96a41f36739084e360de07730478fd56ebb00c98e90dcddf305f3

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