

## Hindustan Aeronautics Ltd. v. Commissioner of Income Tax, Karnataka-I, Bangalore

Civil Appeal No. 9104 of 1995

[2000] Supp. 1 SCR 230 | 2000-05-11

**Whether the Commissioner could revise part of an order that had been subjected to an appeal before the Tribunal, and whether a circular displaced the applicable judicial interpretation.**

264(4) | 119 | 263, Explanation (c) (contrasted)

Two-judge bench | S. Rajendra Babu, J. | Y.K. Sabharwal, J.

Assessment years: 1970-71

### Section 264-specific bar; no expense-merits ruling

The appealed order could not be revised under section 264 on these facts, even for a different issue. The Court expressly contrasted section 263's partial-merger wording. Its circular discussion does not invalidate all beneficial circulars, and it did not decide the expense deductions. The headnote misidentifies the revision forum. Current remedy rules and comprehensive later treatment remain unverified.

### 01 FACTS OF THE CASE

The AO's assessment of 15 March 1973 for AY 1970-71 disallowed several claimed expenses. The AAC partly allowed the company's appeal on 27 October 1976, after which both sides appealed to the Tribunal. The company withdrew its own appeal on 9 May 1977 with liberty to seek section 264 revision and filed that revision on 19 May 1977. Revenue's Tribunal appeal was dismissed on merits on 20 May 1978 (physical pages 3-4).

The Commissioner rejected revision on 22 December 1978 because the order had been subjected to Tribunal appeal. A single judge directed consideration under a Board circular, but the appellate High Court upheld the statutory bar. The company challenged that result.

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

## 02 DISCUSSION BY THE HON'BLE COURT

The Court applied section 264(4) as interpreted in the cited authorities: the bar attached to the appealed order even if the relief sought in revision differed from the appeal issues or Revenue had brought the appeal. In this setting the AAC's order merged in its entirety into the Tribunal's order, rather than being divided issue by issue (physical pages 4–5).

The Court expressly contrasted the different wording of section 263, Explanation (c), which permits revision of matters not considered and decided in appeal. It therefore did not announce one merger rule for every revisional provision. Although Board circulars bind the tax authorities in the stated sense, a court cannot direct application of a circular instead of the law declared by the Supreme Court or the relevant High Court on the issue (physical pages 5–6).

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

## 03 JUDICIAL DECISION

The company's appeal was dismissed without costs. The Commissioner's inability to entertain this section 264 revision was sustained; the expense deductions were not adjudicated on their merits and no remand was ordered (physical page 6).

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

## 04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on revision maintainability

Assessee appeal dismissed; no costs

Final procedural statutory ruling; underlying deductions not decided

The section 264 wording and completed Tribunal appeal govern; section 263's express partial-merger rule is distinguished, not displaced.

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

## 05 AKHB REVIEW POINT

Before choosing revision, map the order and its appeal history, including an appeal filed by Revenue. Withdrawal of the assessee's own appeal did not remove the section 264 bar created by the appealed order on these facts. Do not transfer this result indiscriminately to section 263 or another differently worded remedy.

A circular argument must be tested against the applicable judicial interpretation. The judgment does not say that all beneficial circulars are ineffective or that the underlying expenses were non-deductible. Current remedy conditions and limitation periods require a separate check.

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

**PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES**

1.

**Topic:** Identity, procedural history and revision forum**Source url:** [Open cited source](#)**Pdf pages:** 1; 3; 4**Paragraphs:** Unnumbered judicial text**Source role:** reported metadata and judicial text

2.

**Topic:** Section 264 bar and whole-order merger**Source url:** [Open cited source](#)**Pdf pages:** 4; 5**Paragraphs:** Unnumbered judicial text**Source role:** judicial text

3.

**Topic:** Express section 263 contrast, circular argument and dismissal**Source url:** [Open cited source](#)**Pdf pages:** 5; 6**Paragraphs:** Unnumbered judicial text**Source role:** judicial text**JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS**

S. Rajendra Babu, J.

**ACT IDENTIFIED IN THE REVIEWED SOURCE**

Income-tax Act, 1961

**SOURCE & VERIFICATION**[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 6 PDF pages; SHA-256

d1074fe5f8561c4bd1270055761d1e5480d09baed545bb49bef82b489fc2020a. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–6/SCR 232–235; earlier headnotes distinguished.

[Open cited source rendition](#)

The headnote says the revision petition was filed before the Tribunal; the judicial narrative identifies a section 264 revision before the Commissioner.; The appeal-withdrawal liberty did not amount to a finding that all statutory revision conditions were satisfied.; Section 263 appears as an express statutory contrast, not as the power exercised in this case.; The identity of the relevant circular is printed XVI/11/69. Its full original text was not independently recovered; the note attributes the argument and Court's response to this judgment.

**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: 6](#)

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