

# Commissioner of Agricultural Income-tax, Kerala v. Plantation Corporation of Kerala Ltd., Kottayam

Civil Appeal Nos. 2243-2249 of 1993

[2000] Supp. 5 SCR 135 | 2000-11-29

**Kerala agricultural income-tax: Explanation 2 to section 5 applied across the whole deduction provision, excluding the portions of rent and interest attributable to immature, non-yielding oil-palm plantation.**

Kerala Agricultural Income-tax Act, 1950: sections 2(a) and 5, including clauses (b), (e), (h), (i), (j), (n) and Explanation 2

3-judge bench | S. P. Bharucha, J. | Doraiswamy Raju, J. | Ruma Pal, J.

Assessment years: 1975-76, 1976-77, 1977-78

## Historical Kerala agricultural-income-tax provision

The decision concerns Explanation 2 to section 5 as applied to three 1970s assessment years. Verify the governing statutory version and later treatment before relying on it.

### 01 FACTS OF THE CASE

For AYs 1975-76, 1976-77 and 1977-78, Plantation Corporation claimed rent paid for its entire estate, including areas under immature oil-palm plants that yielded no income. For the first two years it also claimed interest on loans used across both mature yielding and immature non-yielding plantation. The assessing authority and Tribunal disallowed the disputed portions under Explanation 2 to section 5. A Full Bench of the Kerala High Court allowed the claims after confining Explanation 2 to the residuary clause (j). Revenue appealed.

Source: [Issue and claims: SCR pp.138, 141-142](#)

## 02 DISCUSSION BY THE HON'BLE COURT

Section 5 computed agricultural income after the deductions in clauses (a) to (n), with clause (j) operating residually. Explanation 2 said that nothing contained in 'this section' entitled a person to deduct expenditure on cultivation, upkeep or maintenance of immature plants from which no agricultural income arose during the previous year. The Court held that this language covered section 5 as a whole. Confining it to clause (j) would rewrite the text, especially because clause-specific explanations and provisos were placed immediately beneath their particular clauses, while Explanations 1 and 2 appeared at the section's end and used section-wide language. The Court rejected the High Court's resort to internal and external aids where the wording was plain. Although Travancore Rubber & Tea may have occasioned the amendment, that did not narrow the enacted text; an explanation can clarify, supplement or subtract from a provision according to its language.

Source: [Section-wide construction and reasoning: SCR pp.141-143](#)

## 03 JUDICIAL DECISION

The Court held that Explanation 2 governed every deduction claimed under section 5, not only clause (j). Rent and interest were therefore not deductible to the extent attributable to land under, or expenditure for bringing up, immature oil-palm plantation. Revenue's appeals were allowed; costs were left to the parties.

Source: [Holding and operative order: SCR p.143](#)

## 04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue. The deductions failed only to the extent attributable to the immature, non-yielding plantation; the judgment did not disallow the entirety of rent or interest related to the estate.

Source: [Qualified extent of disallowance: SCR p.143](#)

## 05 AKHB REVIEW POINT

AKHB analysis: allocate each claimed expense between mature income-producing areas and immature non-yielding plantation using contemporaneous acreage, crop-stage and loan-use records. Read an explanation by its enacted reach rather than by the litigation that may have prompted it. This historical holding should not be carried into a different statute or assessment year without checking the relevant wording, later amendments and subsequent authority.

Source: [AKHB analysis based on the section-wide construction](#)

## SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 9-page SCR report read. Editorial headnotes on PDF pages 1-3 were distinguished from the unnumbered judicial text beginning at SCR p.138 / PDF p.4 and ending at SCR p.143 / PDF p.9.

#### Open cited source rendition

Exact source bytes, SHA-256 and 9-page count match catalogue asset S\_2000\_5\_135\_143. All pages were read; the editorial headnote was not treated as judicial reasoning.

The report verifies the decision date, three-judge bench, Civil Appeal Nos. 2243-2249 of 1993 and AYs 1975-76 to 1977-78. The catalogue's retrospective 2000INSC549 identifier is not printed in the report and is not adopted as a verified neutral citation.

The interest issue arose only for AYs 1975-76 and 1976-77; the rent issue arose across the appeals. The note preserves that distinction.

The report contains no numbered judicial paragraphs; physical PDF and SCR page references are used.

#### **STATUTORY SCOPE**

Historical Kerala Agricultural Income-tax Act, 1950 deduction dispute. The judgment construes section 5 and Explanation 2 as they operated for AYs 1975-76 to 1977-78. No current Kerala law, central income-tax correspondence or subsequent judicial treatment has been certified.

#### **LATER TREATMENT**

Source checked 2026-10-10. Comprehensive subsequent treatment, later statutory amendments and current-law applicability have not been checked. No citator or current-law clearance is represented.

#### **AI DISCLOSURE**

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

#### **PROFESSIONAL DISCLAIMER**

AI-assisted legal research note for general information and professional research. It is not legal or tax advice. Verify the original judgment, applicable statutory version and subsequent judicial treatment before relying on it. The AKHB Review Point is editorial analysis, not part of the Court's judgment.