

Britannia Industries Ltd. v. Commissioner of Income Tax, West Bengal, Kolkata and Anr.

Civil Appeal No. 2415 of 2004

[2005] Supp. 4 SCR 1 | 2005-10-05

Whether guest-house rent, repairs, depreciation and maintenance could escape the historical section 37(4) disallowance by invoking the separate deduction provisions in sections 30–32.

30 | 31 | 32 | 37(1) | 37(3) (historical) | 37(4) (historical) | 37(5) (historical)

Three-judge bench | B.P. Singh, J. | Tarun Chatterjee, J. | Altamas Kabir, J.

Assessment years: 1994-95

AY 1994–95 guest-house restriction; no current blanket prohibition

This decision applies historical section 37(4)/(5), which the judgment says were omitted from 1 April 1998. It is not a present-day ban on guest-house expenditure and does not remove the conditional statutory holiday-home exception. The source inconsistently identifies Century Spinning's High Court and contains an extended statutory extract that has not been independently certified. The Rs 31,38,017 claim has no itemised allocation here. Comprehensive later treatment and current-law/2025 Act mapping remain unverified.

01 FACTS OF THE CASE

For AY 1994–95, the assessee claimed Rs 31,38,017 for rent, repairs, depreciation and maintenance of a guest house purportedly used for company business. The dispute concerned disallowance of that aggregate claim. The appeal arose from the Calcutta High Court's judgment dated 13 August 2002 in ITA No. 46 of 2002 (physical pages 3–4/SCR 3–4).

The assessee argued that expenditure specifically deductible under sections 30–32 lay outside the general section 37 provision and could not be withdrawn by the non-obstante wording of section 37(4), which referred to section 37(1) and (3). It relied on decisions from several High Courts and on the subsequent omission of the guest-house restrictions. Revenue contended that the distinct statutory treatment of guest houses, reinforced by section 37(5), prevented that route around the disallowance (physical pages 12–15/SCR 12–15).

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

02 DISCUSSION BY THE HON'BLE COURT

The judgment set out the historical framework. Section 37(4) barred the specified guest-house maintenance expenditure and depreciation; its explanation included rent where the accommodation was hired. Section 37(5) extended the description to accommodation, whatever its name, arranged for lodging or boarding and lodging of persons on tour or visit, including employees and company office-holders. The quoted text also contained the conditional holiday-home exception, which the Court recognised; the result is therefore not a rule eliminating every statutory exception (physical pages 9–12/SCR 9–12).

The Court held that Parliament had deliberately differentiated guest-house accommodation from ordinary business premises. Giving overriding effect to the general availability of sections 30–32 in this setting would defeat the specific guest-house restriction. It adopted the reasoning of *Biswanath Tea Co.* that the benefits under sections 30–36 could not be related to the guest house so as to negate section 37(4), and explained that the taxpayer's relied-on decisions did not account for the section 37(5) clarification in the way the Court considered necessary (physical pages 15–16/SCR 15F–16C).

The judgment expressly acknowledged that the relevant guest-house provisions had subsequently been omitted. It nevertheless applied them to AY 1994–95, when they were in the statute book. The later omission did not remove their force for that assessment year (physical pages 11–12 and 16/SCR 11–12, 16D).

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

03 JUDICIAL DECISION

The assessee's appeal was dismissed without any order as to costs, leaving the challenged disallowance undisturbed. No remand or separate expense-by-expense numerical allocation was ordered (physical page 16/SCR 16D–E).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee appeal dismissed; no order as to costs

Final merits decision applying the historical guest-house disallowance to AY 1994–95

No blanket present-day disallowance of guest-house expenses. The decision depends on the then-applicable section 37(4)/(5), does not erase the statutory holiday-home exception, and does not decide every question of whether particular accommodation is a guest house.

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

05 AKHB REVIEW POINT

Start with the assessment year and the exact statutory version. For the historical regime considered here, a business-use label and a claim under sections 30–32 did not by themselves overcome the guest-house restriction. Check the accommodation's actual use and arrangements, the nature of each claimed expense and any statutory exception before applying the holding.

The Court's own recognition of later omission is central to responsible citation. Do not use this 2005 judgment as a shortcut to deny a modern claim. Also distinguish the Court's reasoning from counsel's summaries of other High Court decisions and from the editorial headnote's authority labels; an independent later-treatment or current-statute check remains necessary.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, bench, appeal and AY 1994–95 claim

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Cover; jurisdiction line; opening unnumbered judicial passages, SCR 4A–B

Source role: reported metadata and judicial text

2.

Topic: Historical guest-house prohibition, explanation and exception

Source url: [Open cited source](#)

Pdf pages: 9; 10; 11; 12

Paragraphs: Section 37(4)/(5) extract and historical discussion, SCR 9F–12A

Source role: judicial text with quoted historical statute

3.

Topic: Taxpayer and Revenue submissions; inconsistent Century attribution

Source url: [Open cited source](#)

Pdf pages: 12; 13; 14; 15

Paragraphs: Attributed submissions, SCR 12B–15E

Source role: attributed party submissions and precedent summaries

4.

Topic: Court's construction, historical limit and final dismissal

Source url: [Open cited source](#)

Pdf pages: 15; 16

Paragraphs: Final unnumbered reasoning, SCR 15F–16E

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Altamas Kabir, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 16 PDF pages; SHA-256

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Complete unnumbered judicial text from Altamas Kabir, J., physical page 4/SCR 4 through dismissal on physical page 16/SCR 16. Editorial headnote, authority classifications and jurisdiction metadata on pages 1–3 distinguished. Extended section 37 quotation on pages 5–10 and counsel's case summaries on pages 12–15 distinguished from the Court's final reasoning on pages 15–16. No adjacent judgment.

Open cited source rendition

The relevant claim is the aggregate Rs 31,38,017 for AY 1994–95. The report does not supply a reliable expense-by-expense allocation, and none is invented.; The judgment states that section 37(3), (4) and (5) were omitted with effect from 1 April 1998. That is reported historical context, not a certification of the present statutory regime.; The long statutory extract and legislative chronology on physical pages 5–12 are reproduced source material; this review does not independently certify every quoted historical subsection, rate or commencement statement.; Physical page 13 identifies Century Spinning as a Bombay High Court decision; physical page 14, while recounting submissions, twice labels it as Calcutta authority. The inconsistent attribution is not silently harmonised.; References in submissions to a non-obstante clause in section 37(1) are retained as attributed argument, not adopted as an independent description of that subsection's text.; The headnote's lists of approved or distinguished authorities are editorial. The note uses the Court's own reasoning at physical pages 15–16, without claiming an independently verified treatment classification for every cited High Court decision.

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. No independent later-judgment comparison was conducted for this note; authorities discussed in the judgment are attributed to that source only. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 16

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