

M/s. R.R. Holding P. Ltd. v. Commissioner of Income Tax, Delhi and Another

Civil Appeal No. 3088 of 2006

[2006] Supp. 3 SCR 787 | 2006-07-21

The Supreme Court required the High Court to formulate and decide the legal question concerning section 244(1A) refund interest. It restated the statutory conditions but left their application and the relevant interest date for reconsideration alongside the related subsequent-year appeal.

244(1A) | 260A | 143(1) | 148

2-judge bench | Arijit Pasayat, J. | Lokeshwar Singh Panta, J.

Entitlement and date reserved

The Court did not decide whether the payments qualified for interest or its start date; the report names the related appeal as ITA 88 in the narrative and ITA 188 in the operative paragraph.

Operative context: Income-tax Act, 1961.

01 FACTS OF THE CASE

For AY 1986-87, the company returned a loss of Rs 4,151 and a brought-forward loss of Rs 11,175. Its revised return claimed the same losses and a separate Rs 10,100 refund for tax deducted at source. A section 143(1) order dated 29 July 1987 accepted the returned loss. The company later admitted commission income of about Rs 1.61 crore and reported tax payments in August 1987; a section 148 notice followed on 31 August 1987.

The dispute concerned the date relevant for interest on refund under section 244(1A). The Delhi High Court dismissed the company's appeal, treating the assessment date as factual and *Modi Industries Ltd. v. CIT*, (1995) 216 ITR 759 (SC), as applicable. In the company's immediately succeeding year, AY 1987-88, the Tribunal had taken a different view on almost identical facts; Revenue's appeal had been admitted.

Source: [SCR 789 A-H](#); [SCR 790 A-F](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court set out section 244(1A) and identified four requirements: a refund must be due; it must result wholly or partly from a payment after 31 March 1975; the payment must have been made pursuant to an assessment or penalty order; and an appeal or other proceeding must have found the payment excessive relative to the tax or penalty liability. The assessee had to establish every condition.

Those requirements did not settle the company's entitlement. The Court expressly declined to determine whether the provision applied on these facts or which date controlled the interest calculation. It held that a question of law required adjudication, particularly because the High Court had admitted the subsequent-year appeal and formulated the basic issue there. An appropriate question for the year actually under appeal had to be formulated and decided afresh.

Source: [SCR 791 A-H](#); [SCR 792 A](#)

03 JUDICIAL DECISION

The High Court's order of 19 February 2004 in ITA No. 259 of 2002 was set aside. The matter was remitted for fresh consideration with the related appeal identified in the final paragraph. The Supreme Court disposed of Civil Appeal No. 3088 of 2006 without costs.

Source: [SCR 792 A-B](#)

04 OUTCOME / IN WHOSE FAVOUR

High Court dismissal set aside; fresh hearing and formulation of the appropriate legal question directed; appeal disposed of. Result: Assessee obtained a fresh hearing; refund-interest entitlement remained undecided. Costs: No costs. Scope: Statutory requirements restated; their factual satisfaction, Modi Industries application and interest commencement date reserved. Limit: The remand does not establish that the August payments qualified under section 244(1A) or award interest from any specified date.

Source: [SCR 792 A-B](#)

05 AKHB REVIEW POINT

Build a refund-interest chronology that distinguishes the return, assessment order, each payment, the order establishing excess and the eventual refund. Show why each payment meets the statutory wording applicable to the year. A related-year appeal can reveal a legal issue that was prematurely treated as factual, but the question must still fit the particular year. This ruling supports reconsideration and disciplined issue formulation; it is not authority for interest on every voluntary tax payment. Do not transfer its section 244(1A) conditions to another refund-interest provision without checking that provision's text.

Source: [SCR 790 E-G](#); [SCR 791 E-H](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

6-page retained public-mirror SCR report. The complete report was read as text and page images. Fresh remote authentication as a signed original is not claimed.

Open cited source rendition

The note follows the judicial account of the revised return and section 244(1A), rather than the headnote's compressed account and section 244(1) label. The differing related-appeal numbers remain unresolved.

STATUTORY SCOPE

Income-tax Act, 1961.

Current statutory equivalence and Income-tax Act, 2025 applicability have not been verified. No automatic carry-over of this precedent is claimed.

LATER TREATMENT

Source checked 2026-10-06. A bounded search located the underlying earlier tribunal proceeding and republications of this judgment; no later judicial treatment was substantively verified. Comprehensive subsequent history remains unverified.

AI DISCLOSURE

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