

S.A. Builders Ltd. v. Commissioner of Income Tax (Appeals), Chandigarh and Another

Civil Appeal No. 5810 of 2006

[2006] Supp. 10 S.C.R. 1092 | 2006-12-14

Whether the civil-construction company was entitled to a section 32AB deduction raised as an additional ground before the Tribunal, despite the rejected manufacturing premise and absence of facts proving the statutory conditions.

32AB

Two-judge bench | S.B. Sinha, J. | Markandey Katju, J.

Assessment years: See the source-scope notes; no year inferred.

Different S.A. Builders decision

This is the section 32AB judgment in Civil Appeal No. 5810 of 2006, dismissed on 14 December 2006. It is distinct from the widely cited same-day commercial-expediency interest judgment. No assessment year is stated here.

01 FACTS OF THE CASE

The company carried on civil construction and raised a section 32AB deduction as an additional ground before the Chandigarh Tribunal. In paragraphs 19-21 of its 20 June 2002 order, the Tribunal rejected the claim on two grounds: the assessee was not carrying on manufacturing activity, with reference to N.C. Budharaja; and the factual material needed to establish the deduction's conditions was absent. Even before the Tribunal, the assessee supplied no material showing entitlement. The Punjab and Haryana High Court agreed in its 23 July 2004 judgment in ITA Nos. 8-9 of 2003 (printed pages 1092-1093).

Source: [reported judgment / paragraphs](#) Complete unnumbered judgment; SCR 1093 / PDF pages 2 / judgment

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court agreed with both reasons, rather than deciding only a procedural bar to raising an additional ground. It accepted the Tribunal's use of CIT v. N.C. Budharaja & Co., (1993) 204 ITR 412, concerning the civil-construction/non-manufacturing setting. It separately emphasised that section 32AB relief was conditional and not automatic: whether this assessee satisfied the conditions required facts not in the record, and none had been placed before the Tribunal to demonstrate entitlement (printed page 1093).

The short judgment does not reproduce the statutory text, specify an assessment year, list the unproved conditions individually, or give a general test for admission of additional grounds. Its express adoption of both grounds should be reported without inventing a wider procedural rule or importing factual findings from the separately reported interest litigation.

Source: [reported judgment / paragraphs](#) Complete unnumbered judgment; SCR 1093 / PDF pages 2 / judgment

03 JUDICIAL DECISION

The assessee's appeal was dismissed as lacking merit. Both grounds given by the Tribunal were adopted, leaving rejection of the section 32AB deduction undisturbed. No remand or opportunity to supply new evidence was directed (printed page 1093).

Source: [reported judgment / paragraphs Complete unnumbered judgment; SCR 1093 / PDF pages 2 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee appeal dismissed

Final rejection of this section 32AB claim on both stated grounds

A short decision on this civil-construction claim and its missing factual foundation. Assessment year and individual statutory conditions are not stated; no general bar on additional Tribunal grounds is declared.

Source: [reported judgment / paragraphs Complete unnumbered judgment; SCR 1093 / PDF pages 2 / judgment](#)

05 AKHB REVIEW POINT

A new deduction ground needs an evidential foundation for every relevant statutory condition. Identify the applicable year and statutory version, the qualifying activity, and the documents already on record before asking the Tribunal to decide entitlement. Here, the Court accepted both the activity-based objection and the absence of supporting facts; omit neither.

Keep this decision distinct from the same-day S.A. Builders interest judgment. Civil Appeal No. 5810 was dismissed on section 32AB; the separate reported interest appeal was remitted under section 36(1)(iii). The common party name and date do not make these duplicate source assets or interchangeable holdings. No present-law or Income-tax Act, 2025 correspondence is certified.

Source: [reported judgment / paragraphs Complete unnumbered judgment; SCR 1093 / PDF pages 2 / judgment](#)

PROVISION-SPECIFIC SCOPE

1.

Act: Income-tax Act, 1961

Section: 32AB

Role: Deduction claim rejected

Basis: Court adopts both grounds in Tribunal paragraphs 19-21, printed page 1093.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Markandey Katju, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

DISTINCT RELATED JUDGMENTS

1.

Case id: sc-2006-12-14-sa-builders-interest

Relationship: distinct same party same date judgment

Summary: Separate section 36(1)(iii) common judgment, reported lead Civil Appeal No. 5811 of 2006; interest issue remitted.

Source url: [Open cited source](#)

SOURCE & VERIFICATION

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

Identified source rendition: 2 PDF pages; SHA-256

289014c1f4bb15592047d746a3b27398c3c8e1e07f12c2e197ddbc439cd75549. Original bytes preserved.

Complete unnumbered judicial text is on physical PDF page 2, printed SCR page 1093, beginning at the author/Leave granted line and ending with dismissal. Page 1 is the headnote and jurisdiction; the top of page 2 contains appearances. This is a separate judgment, not an extract of the interest decision.

[Open cited source rendition](#)

Separate judicial identity confirmed by case number, High Court judgment date, subject matter and opposite disposal.

Assessment year is not stated and remains unpopulated.

The text adopts both Tribunal grounds; it does not announce a blanket procedural bar on additional grounds.

No remand is ordered; interest-case relief must not be copied into this record.

SCR volume and opening page verified from the rendition. The catalogue neutral citation 2006INSC1011 is not independently verified and is not adopted.

No assessment year is specified in this short judgment. AYs from the separately reported interest appeal are not imported.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions as discussed in this judgment and applied to its proceedings. No independent statutory-version audit.

No automatic Income-tax Act, 2025 crosswalk, comprehensive later-treatment audit or present-law certification.

LATER TREATMENT

Source checked 2026-10-04. Subsequent judicial treatment and later statutory changes have not been comprehensively verified. Any separately identified authority is a bounded check, not a citator or current-law certificate.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 2](#)

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[Related note: S.A. Builders Ltd. v. Commissioner of Income Tax \(Appeals\), Chandigarh and Another](#)

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