

Commissioner of Income Tax v. M/s. Catapharma (India) Pvt. Ltd.

Civil Appeal No. 3204 of 2007

[2007] 8 SCR 465 | 2007-07-23

Whether sales tax and excise duty collected should enter total turnover in the historical section 80HHC export-deduction computation.

80HHC(3)(b) | 143(3) (assessment history)

Two-judge bench | Dr. Arijit Pasayat, J. | D.K. Jain, J.

Assessment years: 1997-98

Historical export formula; prior judgment quotation kept distinct

The decided issue is exclusion of sales tax and excise duty from total turnover for AY 1997-98 section 80HHC computation. Most reasoning is expressly quoted from Lakshmi Machine Works; its appeal number and other-receipt discussion are not fresh Catapharma issues. This is not a universal turnover or GST rule. Current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

For AY 1997-98, the AO included excise duty and sales tax in total turnover when computing the section 80HHC deduction. CIT(A) excluded them; the Tribunal and Bombay High Court upheld that treatment. Revenue appealed, arguing that ordinary meaning of turnover required their inclusion (paragraphs 2–4).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court adopted the reasoning of Lakshmi Machine Works, reproducing its discussion at length. Section 80HHC's turnover terms form part of a formula allocating business profits to exports and must be read together. Importing a turnover definition from another statute or treating all gross receipts alike could distort that formula (paragraph 4).

Excise duty and sales tax collected for Government did not supply a turnover element of the kind used to apportion export profits. They were therefore excluded from total turnover. The quoted references to commission, interest and rent illustrated the formula discussion; Catapharma's decided controversy was the two indirect-tax components, not a fresh independent adjudication of every such receipt (paragraphs 4–5).

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

03 JUDICIAL DECISION

Revenue's appeal was dismissed without costs, maintaining exclusion of sales tax and excise duty from total turnover for the disputed historical deduction. No remand or new numerical computation was made (paragraph 5).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Revenue appeal dismissed; no costs

Final application of the cited turnover rule to the identified AY 1997-98 dispute

Not a general definition of turnover for every Act, a GST holding, or a ruling granting section 80HHC relief on every commission/interest receipt.

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

05 AKHB REVIEW POINT

Use a consistent export-profit formula and identify which amounts represent turnover rather than collections for Government. The decision expressly follows the prior authority and should be cited for that bounded application. Its long quotation does not make the other appeal number or factual illustrations within that quotation part of Catapharma's own case.

Apply the provision for the relevant year and distinguish deduction computation from ordinary business-income accounting. No current deduction availability, indirect-tax treatment under later legislation or Income-tax Act, 2025 counterpart is certified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, AY and disputed computation

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Cover; jurisdiction; 1–3

Source role: reported metadata and judicial text

2.

Topic: Attributed Lakshmi Machine Works reasoning

Source url: [Open cited source](#)

Pdf pages: 2; 3; 4; 5

Paragraphs: 4

Source role: judicial text with embedded precedent quotation

3.

Topic: Adoption and dismissal

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: 5

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Dr. Arijit Pasayat, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 5 PDF pages; SHA-256

8a5a4f4c2e9aa4e205967e48e7a0a3c01eadc75874157cdc28c598c431c4815b. Original bytes preserved.

Judicial paragraphs 1–5 on physical pages 2–5/SCR 466–469; most of paragraph 4 is an attributed quotation of Lakshmi Machine Works. Earlier headnote excluded; no adjacent judgment.

[Open cited source rendition](#)

Paragraph 4 reproduces Lakshmi Machine Works, including its reference to Civil Appeal 4409/2005 and to illustrations. Those are not additional Catapharma appeals, parties or amounts.; Commission, rent and interest appear inside the quoted formula discussion; the present framed issue concerns sales tax and excise duty.; The quoted historical section 80HHC machinery and tax-accounting terminology are not a current statutory formula or a present definition of turnover for every purpose.

STATUTORY SCOPE

Current statutory equivalence and 2025 Act applicability have not been verified.

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: 5](#)

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