

Honda Siel Power Products Ltd. v. Commissioner of Income Tax, Delhi

Civil Appeal No. 5412 of 2007

[2007] 12 SCR 552 | 2007-11-26

Whether ITAT could rectify its order after acknowledging that it had overlooked a coordinate-bench decision already cited and placed on record, causing prejudice to the assessee.

254(2) | 154 | 43A | 43(2)

Two-judge bench | S.H. Kapadia, J. | B. Sudershan Reddy, J.

Assessment years: 1991-92

Rectification of an acknowledged omission; no general merits review

Honda restores ITAT's section 254(2) correction for an overlooked coordinate-bench decision already on record. It does not authorise an unrestricted merits rehearing or independently decide the underlying exchange-loss/depreciation law. The report inconsistently describes whose Tribunal appeal was dismissed; the adverse-to-assessee issue result and restored rectification are clear. The bounded Reliance Telecom comparison addresses impermissible merits recall and is not an automatic overruling claim. Current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

For AY 1991-92 the generator manufacturer increased the written-down value of imported machinery by Rs. 7,10,910, reflecting its increased foreign-loan liability after exchange-rate movement, and claimed enhanced depreciation. The AO rejected the claim; CIT(A) allowed it. On the Department's Tribunal appeals for 1990-91 and 1991-92, the Tribunal's 2 April 2002 order rejected enhanced depreciation because actual payment had not been made (paragraphs 3-5).

The assessee applied under section 254(2) on 9 December 2002, pointing out that Samtel Color, a coordinate-bench decision supporting its position, had already been cited and furnished. The Tribunal acknowledged that it had escaped attention and allowed rectification on 10 September 2003. The Delhi High Court set that order aside as an impermissible review, leading to this appeal. Other grounds appear in the quoted application but are not separately decided by the Supreme Court's reasoning (paragraphs 6-9).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court explained that section 254(2), like section 154, addresses a mistake apparent from the record. Its purpose is to prevent either party suffering prejudice attributable to a manifest Tribunal mistake. The statutory correction does not depend on an inherent power of review. Here the Tribunal itself found that a coordinate-bench decision had been cited and was already in the record but had been overlooked (paragraphs 12–13).

The rule of precedent was relevant to legal certainty. Rectifying this acknowledged omission was within section 254(2), rather than a fresh exercise of general merits-review jurisdiction. The Court's reasoning turns on the existing record, the Tribunal's own acknowledged oversight and resulting prejudice; it does not say that any losing party may reopen a reasoned appeal by alleging an error (paragraphs 12–13).

The intervening Delhi High Court Woodward Governor judgment was recounted as a circumstance supporting the coordinate bench's underlying view. The Court expressly declined to express an opinion on that High Court judgment beyond noting the confirmation of the coordinate-bench approach. It did not independently resolve every aspect of the section 43A payment-versus-accrual question in this rectification appeal (paragraphs 10–11).

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

03 JUDICIAL DECISION

The High Court judgment was set aside and the Tribunal's order allowing the assessee's rectification application restored. The assessee's appeal was allowed without costs. The Court did not direct a new merits rehearing, recognise an inherent review jurisdiction or separately quantify a depreciation allowance (paragraph 14).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on the validity of ITAT rectification

Appeal allowed; High Court judgment set aside; Tribunal's rectification order restored; no costs

Final on the identified section 254(2) omission; underlying section 43A merits not independently adjudicated beyond restoration of the rectification order

Acknowledged failure to consider a coordinate-bench decision already placed on record, causing manifest prejudice. No general power of merits review, no current rectification-limitation ruling, and no separate Supreme Court endorsement of all quoted application grounds or Woodward Governor reasoning.

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

05 AKHB REVIEW POINT

Preserve proof that the material was actually before the Tribunal and identify precisely how the acknowledged omission caused prejudice. Honda supports correction of this manifest record mistake, not an unrestricted second hearing. An application's additional grounds do not become holdings merely because the judgment reproduces the application.

The independently checked later Reliance Telecom paragraphs 3.2–9 reject a recall that effectively reheard an entire appeal on merits. Use the two records to distinguish an apparent omission from re-adjudication. The checked later passage does not discuss Honda by name, and this editorial comparison does not label Honda automatically overruled or certify a complete later-treatment position.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, main year and underlying depreciation claim

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Cover; jurisdiction; 1–5

Source role: reported metadata and judicial text

2.

Topic: Reproduced application and rectification chronology

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6; 7

Paragraphs: 6–9

Source role: judicial text

3.

Topic: Intervening High Court decision with express merits reservation

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: 10–11

Source role: judicial text

4.

Topic: Apparent mistake, precedent and review distinction

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: 12–13

Source role: judicial text

5.

Topic: Conflicting Tribunal appeal-description wording

Source url: [Open cited source](#)

Pdf pages: 2; 4; 8

Paragraphs: Headnote 1.1; 5; 12

Source role: reported metadata and judicial text

6.

Topic: Exact restoration relief

Source url: [Open cited source](#)

Pdf pages: 9

Paragraphs: 14

Source role: judicial text

7.

Topic: Bounded later limit on a complete merits rehearing

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: 3.2–9

Source role: bounded later judicial comparison

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

254(2): Operative ITAT rectification power at issue.

154: Parallel apparent-mistake wording discussed; not the jurisdiction under which the Tribunal application was made.

43a / 43(2): Underlying historical enhanced-depreciation dispute; no independent final endorsement here of the intervening Woodward Governor High Court ruling.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED EARLIER COMPARISONS AND THEIR LIMITS

1.

Case: Commissioner of Income Tax (IT-4), Mumbai v. Reliance Telecom Ltd.

Relationship: Later bounded scope comparison, not a claimed express treatment of Honda

Asset id: 2021_9_616_621

Source url: [Open cited source](#)

Actually read: Physical pages 4–6, including complete paragraphs 2.4–9; comparison uses paragraphs 3.2–9.

Finding: Rejects recall after an effective merits rehearing; restores original ITAT orders, with case-specific conditional protection for High Court appeals. The reviewed analytical text does not discuss Honda by name.

Scope limit: No automatic overruling or comprehensive citator conclusion; no present limitation extension or software-royalty merits conclusion.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 9 PDF pages; SHA-256

b68e9e42e2af358c14ab0d03448be3d3d8bd29ce5084395bd91b2fef4c212b43. Original bytes preserved.

Judicial paragraphs 1–14 on physical pages 3–9 (SCR 554–560), including the rectification application quoted within paragraph 6 on pages 4–6. Pages 1–2 and page 3 above the author line are reporter material. No adjacent judgment.

Open cited source rendition

Paragraph 3 identifies AY 1991-92 as the Supreme Court appeal's concerned year. The reproduced Tribunal cross-appeals and rectification application also cover AY 1990-91; that historical scope is preserved without inventing a separate Supreme Court appeal.

The operative application was under section 254(2), despite paragraph 2 opening with the analogous wording in section 154.; Paragraph 3 concerns AY 1991-92; the reproduced Tribunal proceedings also concern 1990-91. Their scope must not be flattened into an invented pair of Supreme Court appeals.; The headnote on page 2 describes dismissal of a Revenue appeal, whereas paragraph 12 on page 8 says dismissal of the assessee's appeal. Paragraph 5 and the quoted application establish that the Tribunal decided the depreciation issue against the assessee; paragraph 14 unambiguously restores rectification. The inconsistent appeal-description wording is not silently harmonised.; The quoted application uses the name Shriram Honda Power Equipments Ltd.; the Supreme Court cover identifies Honda SIEL Power Products Ltd. No independent corporate-identity history is inferred.; Rule 6D, professional fees and sales-conference expense grounds occur inside the reproduced application and are not separately resolved in the Supreme Court discussion.; Woodward Governor in paragraphs 10–11 is the 2007 Delhi High Court judgment, not a later Supreme Court judgment. Its merits are expressly not endorsed here.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent judicial or statutory audit. Only actually checked comparisons are separately identified and bounded; no current-law or Income-tax Act, 2025 certification.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 9

SHA-256: b68e9e42e2af358c14ab0d03448be3d3d8bd29ce5084395bd91b2fef4c212b43

bounded comparison judgment - PDF pages: 6

SHA-256: 62af697677b962e1f4fea69adccc5b47fa53e436e824add0011441b1fa0869ca

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