

Commissioner of Income Tax, Madras v. M/s. Lucas T.V.S. Ltd., Padi Chennai

Civil Appeal Nos. 5950–5952 of 2007

[2007] 13 (Addl.) SCR 958 | 2007-12-14

Whether the High Court could dispose of the disputed year or years of section 32A investment allowance by relying on a section 43A foreign-exchange valuation precedent without freshly formulating and deciding the relevant legal question.

32A | 43A(1)

Two-judge bench | Dr. Arijit Pasayat, J. | P. Sathasivam, J.

Assessment years: 1989-90, 1991-92, 1992-93

Investment-allowance remand, not a final single-year rule

The Supreme Court sent the section 32A dispute back to the High Court to frame and decide the legal question. It did not finally allow or disallow the claim, quantify it, or prohibit statutory carry-forward. The report's headnote paragraph pin is inaccurate, and its introductory reference to section 43A(1) is not followed by a separate quotation of that section. The quoted rates and scheme are historical; post-remand outcome, current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

Three appeals concerned AYs 1989-90, 1991-92 and 1992-93. The AO considered investment allowance allowable in one assessment year rather than several. The Tribunal and High Court appeared to rely on section 43A(1) to permit allowance in different years. The High Court dismissed Revenue's appeals as covered by Southern Asbestos Cement Ltd. The Supreme Court report supplies no independent asset inventory, claim amount or complete computation history (paragraphs 2–3).

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

02 DISCUSSION BY THE HON'BLE COURT

The judgment reproduces the historical section 32A scheme at length, including the acquisition/installation or first-use timing, the conditional carry-forward mechanism and reserve requirements. That reproduction is statutory background, not a separate adjudication of every listed condition or a universal holding that allowance can never be used in more than one year (paragraph 4).

Revenue submitted that section 43A(1) concerned exchange fluctuations and their effect on asset valuation, which did not answer the disputed section 32A timing question. The assessee's counsel accepted that position. On that basis the Court required the High Court to formulate the relevant question of law and adjudicate afresh, rather than finally deciding the allowance on the incomplete analysis below (paragraphs 5–7).

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

03 JUDICIAL DECISION

The High Court's order was set aside and the matter remitted to that Court for fresh adjudication after formulation of the question of law. All three appeals were allowed only to that extent, without costs. No final allowance, disallowance, amount or comprehensive rule about one-year versus multi-year utilisation was fixed (paragraphs 7–8).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue procedurally, to obtain fresh High Court adjudication

Three appeals allowed to the stated extent; High Court order set aside; remitted to High Court to frame and decide the legal question; no costs

Remand; ultimate section 32A entitlement and timing not finally determined

Section 43A asset valuation alone did not dispose of the disputed section 32A issue. No blanket prohibition of statutory carry-forward, no final allowance quantum, and no verified post-remand result.

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

05 AKHB REVIEW POINT

Separate asset-cost adjustments from the statutory year of entitlement and from carry-forward of unabsorbed allowance. The cited valuation precedent cannot substitute for identifying the exact section 32A question. Read this as a direction to perform that analysis, not as Revenue's final substantive victory or a universal single-year rule.

The lengthy statutory quotation does not establish present availability of investment allowance, a current rate, or the correct version for a different year. Obtain the underlying orders and applicable text before building a computation; the remand outcome has not been checked.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, three appeals, years and issue

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Cover; jurisdiction; 1–3

Source role: reported metadata and judicial text

2.

Topic: Historical timing and carry-forward scheme

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5; 6; 7; 8; 9; 10; 11; 12; 13; 14

Paragraphs: 4

Source role: judicial text

3.

Topic: Specific carry-forward language

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: 4, reproduced section 32A(3)

Source role: judicial text

4.

Topic: Concession and exact High Court remand

Source url: [Open cited source](#)

Pdf pages: 14

Paragraphs: 5–8

Source role: judicial text

5.

Topic: Headnote paragraph-reference mismatch

Source url: [Open cited source](#)

Pdf pages: 2; 14

Paragraphs: Headnote; judicial paragraphs 5–8

Source role: reported metadata and judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

32a: Historical investment allowance, including the quoted timing, carry-forward and reserve provisions; ultimate application remitted.

43a(1): Foreign-exchange effect on asset valuation; not by itself the answer to the disputed year-of-allowance issue.

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: 14 PDF pages; SHA-256

f2c7f8f43b3719926371c32b7052a3542ebcf48be10f1443d4ecc4be05640524. Original bytes preserved.

Judicial paragraphs 1–8 on physical pages 2–14 (SCR 959–971). Paragraph 4 is the extended statutory reproduction on pages 3–14. Page 1 and page 2 above the author line are reporter material. No adjacent judgment.

[Open cited source rendition](#)

The report is 14 pages but the judicial reasoning is short; most pages reproduce historical section 32A. Length is not evidence of an extensive final merits holding.; Paragraph 4 introduces sections 32A and 43A(1) together, but the preserved rendition prints section 32A and then moves to paragraph 5 without a separately reproduced section 43A(1) text. No missing statutory text is supplied.; The headnote on page 2 attributes the remand proposition to paragraph 5, while the judicial concession and disposition appear in paragraphs 6–8. Judicial paragraph pinpoints control.; The quoted section 32A(3) itself addresses conditional carry-forward. The AO's one-year view is case history, not a final Supreme Court prohibition of every allowance across years.; Southern Asbestos is described in this judgment only; its original judgment and this case's post-remand outcome were not independently reviewed.

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: 14](#)

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