

M/s. Synco Industries Ltd. v. Assessing Officer, Income Tax, Mumbai and Anr.

Civil Appeal No. 4190 of 2002 / Civil Appeal No. 4191 of 2002 / Civil Appeal No. 4192 of 2002 / Civil Appeal No. 4193 of 2002

[2008] 4 SCR 919 | 2008-03-13

Whether positive profits in the individual divisions permitted sections 80HH and 80-I deductions when the assessee's gross total income, after statutory adjustment of earlier losses, was nil, and whether section 80-I(6) displaced that ceiling.

80A(1) | 80A(2) | 80B(5) | 80HH | 80-I(1) | 80-I(6) | 71 | 72 | 32(2)

Two-judge bench | Ashok Bhan, J. | J.M. Panchal, J.

Assessment years: 1990-91, 1991-92

Nil gross total income bars relief; unit quantum remains separate

Synco denies the claimed deductions because gross total income was nil after the required loss adjustments. It separately preserves the isolated eligible-unit quantum calculation under section 80-I(6); do not merge the two computations. The source has anomalous Act-year, High Court-number and statutory-history/cross-reference recitals. Apply the relevant historical provision, and verify current law and later treatment separately.

01 FACTS OF THE CASE

The company carried on oil and chemical businesses through an oil division in Sirohi District and a chemical division at Jodhpur. Both divisions earned profits in AYs 1990-91 and 1991-92, but the oil division had earlier-year losses. The company sought deductions under sections 80HH and 80-I by treating the divisions separately and excluding those old oil-division losses from the relevant adjustment. The AO found gross total income before Chapter VI-A deductions to be nil. The appellate authorities and High Court upheld denial of the deductions (paragraphs 1–3).

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

02 DISCUSSION BY THE HON'BLE COURT

Gross total income under section 80B(5) is income computed in accordance with the Act before Chapter VI-A deductions, rather than an unadjusted sum of positive unit profits. Appropriate computation deductions, applicable aggregation and intra-head/inter-head adjustments, carried-forward losses and unabsorbed depreciation have to be dealt with under the Act. Section 80A(2) limits aggregate Chapter VI-A deductions to that gross total income; nil or negative gross total income therefore leaves no room for the claimed deductions (paragraphs 6–8).

The Court relied on Kotagiri Industrial Co-operative Tea Factory and reviewed the predominant High Court approach in support of computing gross total income after the required loss adjustments. The separate assessment years, figures and deduction provisions recounted from those authorities are precedent background, not facts or additional awards in Synco (paragraphs 9–11).

Crucially, the Court distinguished computing the quantum attributable to an eligible undertaking under section 80-I(6) from allowing the deduction within the assessee-level limit. For the former calculation, the eligible undertaking is treated as the only source and another unit's loss is not brought into that isolated quantum calculation. But the resulting amount remains subject to sections 80-I(1), 80A(2) and 80B(5): gross total income must be calculated under the Act after the applicable cross-unit loss adjustment. The section 80-I(6) non-obstante clause operates in its own sphere and cannot nullify the ceiling. Here the oil-division loss had to be adjusted before gross total income was determined, leaving nil gross total income (paragraph 12).

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

03 JUDICIAL DECISION

All four listed assessee appeals were dismissed without costs. With the earlier losses adjusted and gross total income nil, no deduction under Chapter VI-A, including the claimed sections 80HH and 80-I relief, was allowable. No fresh numerical assessment or remand was ordered (paragraphs 13–14).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

All four listed assessee appeals dismissed; no costs

Final on denial of the claimed Chapter VI-A deductions where gross total income was nil after applicable loss adjustments

Keep eligible-unit deduction quantum under section 80-I(6) separate from gross-total-income computation and the aggregate ceiling. The judgment does not direct that every other-unit loss be subtracted inside the isolated section 80-I(6) calculation, or decide every later incentive provision.

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

05 AKHB REVIEW POINT

Use separate schedules for eligible-unit quantum and the assessee's gross-total-income ceiling. A profitable qualifying unit can produce a notional eligible deduction, yet the final allowed deduction can be nil because adjusted gross total income is nil. Conversely, this judgment must not be cited as abolishing the section 80-I(6) isolated-unit computation that paragraph 12 expressly recognises.

Apply the loss set-offs that the actual year and provision permit; this decision does not turn every class of loss into an unrestricted offset. The narration of a 20% section 80-I amount is historical and not a rate recommendation for another year or incentive. No independent later statutory comparison or subsequent judicial-treatment audit is claimed for this note, and no automatic mapping to the Income-tax Act, 2025 is made.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, four-appeal group and conflicting lower-case recitals

Source url: [Open cited source](#)

Pdf pages: 1; 5; 6

Paragraphs: Cover; jurisdiction list; 1–3

Source role: reported metadata and judicial text

2.

Topic: Divisions, assessment years and nil gross total income

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: 3–5

Source role: judicial text

3.

Topic: Quoted provisions, definition and ceiling

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10

Paragraphs: 6–8

Source role: judicial text

4.

Topic: Precedent discussion distinguished from present facts

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12; 13; 14; 15

Paragraphs: 9–11

Source role: judicial text

5.

Topic: Unit quantum versus assessee-level ceiling

Source url: [Open cited source](#)

Pdf pages: 15; 16

Paragraphs: 12

Source role: judicial text

6.

Topic: Rule applied and operative disposal

Source url: [Open cited source](#)

Pdf pages: 17

Paragraphs: 13–14

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

80a(1) / 80a(2) / 80b(5): Gross-total-income computation before Chapter VI-A relief and aggregate ceiling

80hh / 80-i(1): Deductions claimed but unavailable when the assessee's computed gross total income was nil

80-i(6): Separate eligible-undertaking quantum computation; its non-obstante fiction does not displace the gross-total-income ceiling

71 / 72 / 32(2): Relevant statutory set-off and carry-forward framework used when determining gross total income

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

J.M. Panchal, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 17 PDF pages; SHA-256

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Judicial paragraphs 1–14 begin below the author line on physical page 5 and end on page 17 (SCR 923–935). Pages 1–4 and the upper portion of page 5 are reporter/editorial material. No adjacent judgment.

[Open cited source rendition](#)

The case facts expressly identify AYS 1990-91 and 1991-92. The report lists CAs 4190–4191 with 4192–4193/2002 but provides no individual appeal-to-year allocation.

The printed continuation of paragraph 1 on physical page 6 says Income Tax Act, 1948. The cover, statutory provisions and operative analysis concern the Income-tax Act, 1961; the anomalous year is retained as a source warning, not reproduced as the governing Act.; The jurisdiction recital gives ITA 592/2000, while paragraph 1 prints ITAs 591/2001 and 592/2002 for judgments dated 23 July 2001. The latter year is internally inconsistent; no corrected High Court case numbers are invented.; Paragraph 7's historical introductory recital refers to a Finance Act 1965 insertion effective 1 April 1969 and a 1967 substitution effective 1 April 1968. This anomalous chronology is not used as an independently verified legislative history.; In its summary of Nima Specific Family Trust, paragraph 10 on physical page 13 prints section 80A(5). The definition reproduced in paragraph 6 and applied in paragraphs 7–8 and 12 is section 80B(5). The note does not silently adopt the inconsistent cross-reference.; Paragraphs 9–10 contain facts, amounts and propositions from earlier authorities, including AY 1972-73 in Kotagiri and AY 1996-97 in IPCA. Those are not Synco assessment years, and the quoted/predecessor cases were not independently fully reviewed.; Paragraph 12 expressly preserves the isolated-unit quantum calculation before applying the separate gross-total-income ceiling. A summary that merges these two steps would overstate the holding.

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. Any actually checked statutory comparison is separately identified and bounded; no current-law or 2025-Act certification.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 17](#)

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