

Commissioner of Income Tax-V, New Delhi v. M/s. Oracle Software India Ltd.

Civil Appeal No. 235 of 2010 / Civil Appeal No. 238 of 2010 / Civil Appeal No. 239 of 2010

[2010] 1 SCR 543 | 2010-01-13

Whether the particular licensed commercial process converting blank CDs into recorded application-software discs constituted manufacture or processing of goods within historical section 80-IA(1)/(12)(b), read with the Explanation to section 33B.

80-IA(1) | 80-IA(12)(b) | 33B Explanation

Three-judge bench | S.H. Kapadia, J. | H.L. Dattu, J. | Surinder Singh Nijjar, J.

Assessment years: 1995-96, 1996-97

Historical, process-specific manufacture ruling

Oracle concerns the validated commercial conversion of blank CDs into recorded application-software goods under section 80-IA as it stood for the narrated AYs 1995-96 and 1996-97. It does not establish automatic deduction eligibility for all copying, software distribution or digital activities. Check the actual process, all relevant-year conditions and subsequent treatment; no current-law or Income-tax Act, 2025 carryover certification is supplied.

01 FACTS OF THE CASE

Oracle Software India was a wholly owned subsidiary of Oracle Corporation, USA. The narrated appeal concerned AYs 1995-96 and 1996-97. It imported master media for a lump sum and paid royalty of 30% of the licensed product price. Its rights were limited to replication/duplication and sublicensing; it could not vary, amend or add value to the master software. It duplicated the software onto blank discs, packaged the recorded discs with brochures and marketed them as software kits (paragraphs 3-4).

The application software was not operating or system software. The commercial process used master media, an operational computer, a CD Blaster, blank recordable CDs and printing software/labels. Engineers installed and validated the master, rechecked its integrity, and inserted it in the CD Blaster. The machine created an internal virtual image, which was used to replicate the software onto the blank recordable media. Revenue contended that identical software content in the master and recorded media meant there was no manufacture or processing; the assessee identified the blank disc as the raw material transformed (paragraphs 4, 8-9).

Source: [reported judgment / paragraphs 3-4 / PDF pages 4, 5, 6 / judicial text](#); [reported judgment / paragraphs 8-9: commercial process / PDF pages 8, 9 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The historical section 80-IA(12)(b) adopted the Explanation to section 33B definition of industrial undertaking, which included an undertaking mainly engaged in manufacture or processing of goods. The Court placed the deduction in its Chapter VI-A incentive setting but warned that deductions were not unlimited and that the actual process had to be studied. It expressly applied the Act as it stood for the relevant years (paragraphs 5-7).

On the proved commercial process, the input was the blank CD, not the unchanged intellectual content of the master. The technical operation changed that disc into a recorded medium dedicated to a specific use for which the blank disc had been unfit. Although not every change amounts to manufacture, this transformation did. The Court distinguished the particular commercial operation from an oversimplified home-duplication comparison and confined its judgment strictly to the process before it (paragraphs 8-11).

Tata Consultancy Services supported treating marketed software copies embodied in media as goods, even though their underlying logic remained intangible and unchanged. Gramophone Co. supported the distinction between blank and recorded media and the manufacturing character of commercial recording. These were applications of the reasoning recorded in Oracle, not independent examinations here of those earlier judgments (paragraphs 11-12).

Source: [reported judgment / paragraphs 5-12 / PDF pages 6, 7, 8, 9, 10, 11, 12 / judicial text](#)

03 JUDICIAL DECISION

The conversion of blank CDs into recorded application-software discs by the examined commercial process constituted manufacture for the historical section 80-IA(12)(b), read with the Explanation to section 33B. The Court upheld the High Court's conclusion on that question and dismissed all three listed Department appeals, without costs. No remand was ordered (paragraphs 10-13).

Source: [reported judgment / paragraphs 10-13 / PDF pages 9, 11, 12 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Civil Appeal Nos. 235, 238 and 239 of 2010 filed by the Department dismissed; no costs

Final decision on manufacture/processing character of the particular commercial duplication process

Expressly confined to the process examined and historical section 80-IA. The judgment does not make every software copy, download, distribution activity or present-day undertaking eligible for deduction, and does not independently determine unlitigated rate, duration or other eligibility conditions.

Source: [reported judgment / paragraphs Reported three-appeal list; 13 / PDF pages 4, 12 / reported metadata and judicial text](#)

05 AKHB REVIEW POINT

Document the actual input, licensed rights, technical validation, replication equipment, transformation and marketed output before invoking Oracle. Its reasoning focuses on the changed use and character of a blank physical medium, despite unchanged software logic. The record includes commercial validation and CD-Blaster replication; a label such as copying or software business is not enough. Do not convert this process-specific holding into a general rule for routine copying, electronic delivery, licensing revenue or all digital services.

Keep the manufacturing conclusion separate from the full deduction checklist. Section 80-IA here is the historical provision for the stated years, incorporating section 33B's definition; the Court itself cautioned against unlimited deductions. Check the relevant year, eligible undertaking/business, profit nexus and all applicable statutory conditions independently before making a different deduction claim. No comprehensive later-treatment or current-law conclusion is supplied.

Source: [reported judgment / paragraphs 4-12, especially historical-law/process limitations in 7 and 11 / PDF pages 5, 6, 7, 8, 9, 10, 11, 12 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Transformation of blank CD by validated commercial replication process

Result: Manufacture within historical section 80-IA(12)(b) read with the Explanation to section 33B

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10; 11

Paragraphs: 8-11

Source role: judicial text

2.

Issue: Revenue argument that identical master/copy software content prevented manufacture

Result: Rejected; blank disc was the input and its conversion to dedicated recorded media was the relevant transformation

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 9; 10; 11; 12

Paragraphs: 10-12

Source role: judicial text

3.

Issue: Appeal disposition

Result: All three listed Department appeals dismissed without costs

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 4; 12

Paragraphs: Reported appeal list; 13

Source role: reported metadata and judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

80-IA(5); 80-IA(6)

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 12 PDF pages; SHA-256

25f55d8e21b2f0344c3288a1853b6080cd1f2ee9170587f8848d2c8dbb2dfda9. Original bytes preserved.

Judicial paragraphs 1-13 on physical pages 4-12 (SCR 546-554), fully read. Physical pages 1-3 and opening of page 4 contain editorial headnote and case references; jurisdiction and appearances precede the judicial text on page 4. No adjacent judgment.

[Open cited source rendition](#)

Paragraph 3 specifies these years for the narrated appeal arising from SLP(C) No. 6847/2008; separate companion assessment years are not identified or inferred.

The Court applies section 80-IA as it stood during the relevant assessment years. The historical section 80-IA(12)(b) imports the Explanation to section 33B definition of industrial undertaking, including manufacture or processing of goods. The quoted percentage/duration cross-references do not supply a particular rate or full eligibility finding for unrelated claims.

The preserved reported eSCR rendition is the primary source; no separately retrieved signed original is claimed. Public URLs are cached acquisition URLs, not newly live-validated links. References to other decisions reproduce this judgment's discussion only; their originals and comprehensive subsequent treatment have not been checked in this review.; The assessment years are expressly tied to the narrated appeal arising from SLP(C) No. 6847/2008. The source does not individually map the three civil appeals to separate years.; Paragraph 11 on physical page 11 literally prints that identical original/copy contents imply manufacture would be an incorrect proposition. In context the immediately preceding Revenue argument is the opposite, and paragraphs 10-12 clearly uphold manufacture for the actual process. The apparent printed inconsistency is disclosed; no altered quotation or silent textual correction is presented.; The Court mentions four steps in paragraph 8 but does not enumerate a complete numbered four-step list. The note describes only the actual operations stated, without inventing an additional manufacturing stage.; References to the royalty and restricted licence rights are facts, not adjudications of withholding, royalty characterization or intellectual-property ownership.

The report lists Civil Appeal No. 235/2010 with Nos. 238 and 239/2010. Its lead jurisdiction entry is the Delhi High Court judgment dated 9 May 2007 in ITA No. 811/2006. Paragraph 3 narrates facts from the civil appeal arising from SLP(C) No. 6847/2008, without expressly matching that SLP to an individual civil-appeal number.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions and assessment years only. No automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment or present-law audit has been performed. Any source-checked comparison is expressly bounded.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 12](#)

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