

Commissioner of Income Tax, Chennai v. Tulsyan NEC Ltd.

Civil Appeal Nos. 10677-10679 of 2010 / Civil Appeal Nos. 10680-81 to 10706 of 2010 / Civil Appeal Nos. 10708 to 10740 of 2010 / Civil Appeal Nos. 10745-46 to 10760 of 2010

[2010] 14 (ADDL.) SCR 1114 | 2010-12-16

Whether admittedly admissible MAT credit under section 115JAA must be set off against tax payable before computing interest under sections 234A, 234B and 234C, rather than only after interest has been charged.

115JA | 115JAA | 234A | 234B | 234C

Three-judge bench | S.H. Kapadia, CJI | K.S. Panicker Radhakrishnan, J. | Swatanter Kumar, J.

Assessment years: 2001-02

Historical MAT-credit sequencing; eligibility and quantum still matter

Tulsyan concerns admittedly admissible credit from section 115JA tax, with the historical five-year section 115JAA carry-forward scheme and pre-1 April 2007 sequencing dispute. It does not exempt MAT companies from advance-tax interest, guarantee the amount of a claimed credit, or state today's carry-forward period. Check the relevant year, statutory version, available credit and subsequent treatment. No current-law or 2025-Act certification is supplied.

[paragraphs 6-10 / PDF pages 10, 11, 12, 13, 14 / judicial text](#)

01 FACTS OF THE CASE

The Department brought a batch of appeals concerning the order in which MAT credit and advance-tax interest were computed. Eligibility for the brought-forward credit was undisputed. Assessing Officers allowed credit against the final tax demand but calculated the shortfall for sections 234B and 234C without first deducting that credit (paragraphs 2-3 and 7).

The Court used Titan Industries Ltd. for AY 2001-02 as a concrete example. A return claiming a refund of Rs.10,60,394 was initially accepted under section 143(1), then rectified. Interest of Rs.1,10,67,561 under section 234B and Rs.40,18,170 under section 234C was charged before MAT credit of Rs.5,40,15,189 was adjusted. The report describes a resulting demand of Rs.1,50,58,707. These figures illustrate the sequencing dispute; the printed table contains discrepancies and is not reproduced as a checked tax computation (paragraph 8).

Source: [reported judgment / paragraphs 2-3 and 7-8 / PDF pages 8, 15, 16, 17 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

Under the historical section 115JA scheme, 30% of book profit was deemed total income where normal total income fell below that amount. This was not a 30% tax rate. The Court read section 115JAA as crystallising the right to credit when section 115JA tax was paid, with the credit measured by the prescribed difference between MAT and normal tax. The quoted version carried credit forward for five succeeding assessment years; later set-off remained capped at the excess of normal tax over the relevant MAT liability. The entire MAT payment was not automatically available as credit (paragraphs 4-6).

A distinction was drawn between the existence of the right and its final quantification. Assessment could alter the amount and require consequential adjustments, but did not postpone the taxpayer's entitlement to take the admissible credit into account when estimating advance tax. Sections 143(1) and 209(1)(d), read within the statutory scheme, did not require advance tax to be paid while ignoring credit and then reclaimed as a refund (paragraph 9).

The Court considered the omission of MAT credit from the earlier definition of assessed tax and the Finance Act, 2006 amendment of Explanation 1 to section 234B effective 1 April 2007. It nevertheless rejected the Department's sequencing for the historical period. A taxpayer claiming credit by self-computation bore the risk of interest on any shortfall if the credit ultimately proved unavailable. A prescribed return form placing the credit after interest could not control the parent statute (paragraphs 10-13).

Source: [reported judgment / paragraphs 4-13, including quoted historical legislation and illustrations / PDF pages 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 / judicial text](#)

03 JUDICIAL DECISION

Admissible MAT credit had to be adjusted against tax payable before calculating the interest shortfall. The Department's civil appeals were dismissed without costs. The ruling determined priority of adjustment where eligibility was admitted; it did not finally quantify every assessee's credit, waive interest on an actual shortfall or order a remand (paragraphs 3, 9 and 12-14).

Source: [reported judgment / paragraphs 9 and 12-14 / PDF pages 18, 19, 20, 21 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assesseees

Department's civil appeals in the reported batch dismissed; no order as to costs

Final merits determination of the priority of admissible MAT-credit adjustment

Credit eligibility was undisputed. Quantum remains assessment-dependent; interest exposure remains for unlawfully claimed or excessive credit. The source does not state separate Tulsyan and companion assessment years or an unambiguous total count from its compressed docket ranges.

Source: [reported judgment / paragraphs Reported appeal groups and 14 / PDF pages 7, 21 / reported metadata and judicial text](#)

05 AKHB REVIEW POINT

Reconstruct the credit year and set-off year separately: verify payment, normal-tax/MAT difference, the relevant carry-forward period, available balance and the set-off ceiling before computing interest. Treat the five-year period and the section 115JA deemed-income base as features of the historical provisions reproduced here, not as a present-day statement. The 1 April 2007 amendment discussed in paragraph 11 must be kept distinct from the Court's rejection of the earlier-period sequencing argument.

A bounded comparison of the later Rolta India judgment, paragraphs 6-10, confirms that liability to advance-tax interest under sections 115JA/115JB is a different question from priority of credit set-off: MAT companies were not generally exempt from sections 234B/234C. Rolta was checked as a related later decision, not as an express citation or overruling of Tulsyan. The Titan and hypothetical tables should not be reused as calculators without independent reconciliation.

Source: [reported judgment / paragraphs 4-6, 8-13 / PDF pages 12, 13, 14, 15, 17, 19, 20, 21 / judicial text](#); [reported judgment / paragraphs 6-10; bounded related-case comparison / PDF pages 10, 11, 12, 13, 14 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Priority of MAT credit versus interest calculation

Result: Admissible credit must reduce tax payable before computation of the interest shortfall

In whose favour: Assesseees

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 18; 19; 20; 21

Paragraphs: 9-14

Source role: judicial text

2.

Issue: Need for an assessment before claiming statutory set-off

Result: The entitlement does not await an Assessing Officer's act; the final amount may vary on assessment

In whose favour: Assesseees, subject to correct credit quantum

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 13; 14; 15; 18; 19

Paragraphs: 6 and 9

Source role: judicial text

3.

Issue: Excessive self-computed credit and prescribed form

Result: Interest may attach to an actual shortfall if credit was unavailable; a form cannot override the statute

In whose favour: Qualified rule, not an unconditional interest exemption

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 20; 21

Paragraphs: 12-13

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

2(43); 139; 143(1); 143(3); 154; 156; 209(1)(d); 115JB

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, CJI

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Earlier case id: sc-2010-12-16-tulsyan-nec

Relationship: related later decision on separate mat advance tax interest question not express treatment

Evidence

1.

Source url: [Open cited source](#)

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

Paragraphs: 6-10

Source role: judicial text

Scope limit: Rolta does not expressly cite Tulsyan in the checked text. This is an editorial comparison of distinct questions, not a claimed later-treatment endorsement or current-law certification.

Later case title: Jt. C.I.T., Mumbai v. M/s Rolta India Ltd.

Later decision date: 2011-01-07

Later source asset id: 2011_1_146_159

Later case note link verified: False

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Check: Consolidated judicial corpus FTS search for Tulsyan, followed by inspection of the later-hit context

Result: The later 2025 Rakesh Bhanot hit is a party-name occurrence, not a located citation to this tax decision. A limited corpus search cannot establish absence of later treatment.

2.

Check: Rolta India paragraphs 6-10, physical pages 10-14, with preceding quoted text on pages 8-10 read

Result: Distinct advance-tax-interest liability issue; no express Tulsyan treatment established. Used only for the stated bounded comparison.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 21 PDF pages; SHA-256

17738c28e5e4d5dcf39f387ed8efc35ce85d340f927318689202cba876f1bb49. Original bytes preserved.

Judgment paragraphs 1-14, physical pages 8-21 (SCR 1121-1134), read in full including all quoted statutory provisions, both illustrations and the operative conclusion. Physical pages 1-7 are editorial headnote, references, jurisdiction and appearances. No adjacent judgment.

Open cited source rendition

AY 2001-02 is stated only for the Titan Industries illustration in paragraph 8. The report does not identify Tulsyan's separate assessment year or all companion assessment years. The statutory effective-year ranges and the hypothetical years 1-6 are not treated as party-specific assessment years.

The issue is the priority of admissible MAT-credit set-off. Paragraph 2 refers to sections 234A, 234B and 234C; the detailed examples and reasoning principally address sections 234B and 234C. The historical section 115JA/115JAA provisions supply the governing scheme; 115JB also appears in the quoted set-off provisions and the illustrative table. Other sections embedded in quoted legislation are not separately adjudicated issues.

The main source is an unchanged public-mirror eSCR report, not a separately retrieved signed original. Its public URL is the preserved acquisition URL, not newly live-validated here.; The report gives compressed companion ranges 10680-81 to 10706 and 10745-46 to 10760; no exact aggregate case count or individual-party mapping is certified.; Only Titan's AY 2001-02 is supplied; it must not be assigned to Tulsyan or every companion.; Physical page 17 has differing TDS and surcharge/total-tax figures between columns and labels the return-column refund figure as tax payable. Paragraph 8 and the table are not fully arithmetically aligned. The amounts in the note are identified as the Court's illustration, not an independently reconciled calculation.; Physical page 19 labels the positive Rs.800 set-off as (A)-(B), although A is 600 and B is 1,400; the printed sign is inconsistent with both the positive value and the surrounding statutory explanation. It is not silently repaired or reproduced as a formula.; Section 234A is within the framed issue; the detailed interest analysis and numerical illustration focus on sections 234B and 234C. The historical five-year carry-forward text is not a current-law statement.

Paragraph 1 grants leave. The three lead appeals and the companion ranges are retained in the compressed form printed in the report at physical page 7. The unusual forms 10680-81 to 10706 and 10745-46 to 10760 are not converted into a claimed verified appeal count or an invented individual-party mapping. Paragraph 14 dismisses the Department's civil appeals as a batch.

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. The actual bounded source checks below do not establish absence of later treatment.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 21

SHA-256: 17738c28e5e4d5dcf39f387ed8efc35ce85d340f927318689202cba876f1bb49

reported judgment - PDF pages: 14

SHA-256: 2fe476203e4fefe3799a638814d4e13c3864d24b2da15c4b0dd41e23a2dc3d9d

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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