

Columbia Sportswear Company v. Director of Income Tax, Bangalore

Special Leave Petition (C) No. 31543 of 2011 and connected proceedings (full list below)

[2012] 7 SCR 187 | 2012-07-30

Whether historical AAR rulings are subject to constitutional judicial review and whether these challenges should proceed directly in the Supreme Court or first before the High Court.

245N(a) | 245R | 245S | 5(2) | 9(1)(i)

Three-judge bench | S.H. Kapadia, CJI | A.K. Patnaik, J. | Swatanter Kumar, J.

Assessment years: See the source-scope notes; no year inferred.

Tax merits untouched; two listed dockets have no verified disposal

This is an AAR review-route order, not a Supreme Court finding of a PE or taxable Indian profits. Nine matters have express High Court-liberty dispositions; CA 9768/2011 and 9775/2011 are in the opening list but omitted from the closing list, so their outcomes are unasserted. Article 136 remains discretionary. Current advance-ruling procedures and comprehensive later treatment are unverified.

01 FACTS OF THE CASE

The US outdoor-apparel company operated Indian liaison offices under RBI permissions limiting their activities. It asked the AAR about accrual, business connection, purchase-for-export exclusion, permanent establishment and attribution. The AAR answered adversely on several points, leaving computation of attributable income, and the company sought special leave directly in the Supreme Court. The Court called for argument first on the maintainability and appropriate forum for challenges to AAR rulings (paragraphs 1–5).

Those quoted AAR conclusions are the challenged background. The Supreme Court did not adopt them as its own findings on the company's permanent establishment, Indian taxable income or treaty entitlement.

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

02 DISCUSSION BY THE HON'BLE COURT

The Authority determined legal and factual rights and liabilities under the Act, not merely non-binding advice. The Court examined sections 245N and 245S and held that the AAR exercised judicial power and was a tribunal for Articles 136 and 227. Its transaction-specific binding effect did not oust constitutional review (paragraphs 6–11).

The Court rejected the suggestion that speed required an exclusive direct Supreme Court route. High Court supervision under Articles 226/227 could not be removed by treating the statutory ruling as final. To advance the scheme's purpose, such a High Court challenge should be heard directly by the income-tax Division Bench and disposed of expeditiously (paragraph 12).

Article 136 remained discretionary. Even arguable merits did not require the Supreme Court to bypass the available High Court route. A substantial question of general importance or a similar question already pending could justify direct consideration; neither was demonstrated for the lead petition (paragraphs 13–14).

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

03 JUDICIAL DECISION

The lead SLP was disposed of with liberty to move the appropriate High Court under Articles 226/227, and a request for expeditious Division Bench consideration. The unnumbered closing order condoned delay in the two companion SLPs and disposed of those plus six identified civil appeals on the same terms. It did not decide the underlying tax merits. Two additional civil appeals in the opening list are absent from the closing list, so no individual outcome for them is inferred (paragraph 14; page 18).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: No taxpayer/Revenue winner on tax merits; High Court review route preserved

Lead SLP and eight expressly identified companions disposed of with High Court liberty; two opening-list matters have no verified individual disposition in this source

Forum and reviewability questions decided; tax/PE/attribution merits not adjudicated

Article 136 jurisdiction exists but is discretionary. This is not Supreme Court affirmation of the quoted AAR merits ruling. The historical AAR procedure and directions cannot be assumed to govern a different later advance-ruling institution or statutory route.

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

05 AKHB REVIEW POINT

Separate a ruling's binding effect between the relevant parties from the availability of constitutional review. Then distinguish jurisdiction to entertain a challenge from the Supreme Court's discretion to take it directly. This order preserves the High Court route and prioritises prompt Division Bench consideration within the historical scheme.

Do not cite the reproduced AAR answers as a Supreme Court PE or purchase-exclusion holding. The merits remained for the appropriate challenge. Also preserve the source's different case lists rather than announcing disposal of all eleven listed matters. Later statutory restructuring, forum rules and treatment must be checked before advising on a present challenge.

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

APPEAL AND PROCEEDING NUMBERS

Special Leave Petition (C) No. 31543 of 2011 / Special Leave Petition (C) No. 3318 of 2011 / Special Leave Petition (C) No. 13760 of 2011 / Civil Appeal No. 2996 of 2008 / Civil Appeal No. 5839 of 2008 / Civil Appeal No. 6987 of 2010 / Civil Appeal No. 7035 of 2011 / Civil Appeal No. 10064 of 2011 / Civil Appeal No. 11327 of 2011 / Civil Appeal No. 9768 of 2011 / Civil Appeal No. 9775 of 2011

DETAILED DISPOSITION AND CONNECTED GROUPS

Appeal groups

1.

Cases: Special Leave Petition (C) No. 31543 of 2011

Disposition: Disposed of with High Court liberty under paragraph 14

2.

Cases: Special Leave Petition (C) No. 3318 of 2011; Special Leave Petition (C) No. 13760 of 2011; Civil Appeal No. 2996 of 2008; Civil Appeal No. 5839 of 2008; Civil Appeal No. 6987 of 2010; Civil Appeal No. 7035 of 2011; Civil Appeal No. 10064 of 2011; Civil Appeal No. 11327 of 2011

Disposition: Expressly disposed of on lead terms by page-18 order; delay condoned in the SLPs

3.

Cases: Civil Appeal No. 9768 of 2011; Civil Appeal No. 9775 of 2011

Disposition: Opening-list inclusion only; no individual disposal certified because omitted from the closing list

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and eleven opening matters

Source url: [Open cited source](#)

Pdf pages: 1; 4

Paragraphs: Cover; reported companion list

Source role: reported metadata

2.

Topic: Liaison-office facts and quoted AAR answers

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: 1–4

Source role: judicial text

3.

Topic: Tribunal character and binding effect

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10; 11; 12; 13; 14

Paragraphs: 5–10

Source role: judicial text

4.

Topic: Constitutional review and Division Bench

Source url: [Open cited source](#)

Pdf pages: 14; 15; 16

Paragraphs: 11–12

Source role: judicial text

5.

Topic: Discretion and lead disposal

Source url: [Open cited source](#)

Pdf pages: 16; 17

Paragraphs: 13–14

Source role: judicial text

6.

Topic: Eight companion dispositions and omitted opening cases

Source url: [Open cited source](#)

Pdf pages: 4; 18

Paragraphs: Opening list; unnumbered closing order

Source role: reported metadata and judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

245n / 245r / 245s: Historical AAR adjudicatory function, binding ruling and constitutional review

5(2) / 9(1)(i): Underlying liaison-office tax questions recited, not decided by the Supreme Court here

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A.K. Patnaik, J.

OTHER LEGAL CONTEXT

Constitution Articles 136, 226 and 227; India–US treaty Articles 5 and 7 appear only in the unreviewed AAR merits questions.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATIONHon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 18 PDF pages; SHA-256

91ae23517b919e999f65dde5e126764ea5a29e338af91c8c7df517087ade424b. Original bytes preserved.

Lead order paragraphs 1–14 on physical pages 4–17 (SCR 190–203), followed by a distinct unnumbered companion disposition on page 18. Pages 1–4 above the author line are reporter/editorial material. No adjacent unrelated judgment.

Open cited source rendition

No numerical assessment years are supplied in the bounded judicial text.

The opening list contains eleven matters. Paragraph 14 disposes of the lead SLP and page 18 expressly disposes of eight specified companions. CA 9768/2011 and CA 9775/2011 occur only in the opening list, not that closing direction; their individual disposition is not certified from this rendition.

The visible opening list on PDF page 4 includes CA 9768/2011 and 9775/2011; the visible operative companion list on page 18 omits both. The note preserves their listed identity but does not invent a disposition, de-tagging order or later case number.; The source quotes the AAR's substantive answers at paragraph 4. Those are background, not merits conclusions of this order.; OCR renders section 245S as 2458/2455 and corrupts the section 5(2) reference in the underlying query. Judicial context and source image control; no different statute is inferred.; The paragraph 10 quotation uses an apparently defective adjective for a binding judicial decision. It is not reproduced or silently used as a separate doctrinal test.; The year 1995 and year 2000 refer to RBI liaison-office permissions, not assessed years. No assessment years or tax amounts are invented.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent treatment or present-law review. Any actual limited statutory comparison is separately stated.

IDENTIFIED SOURCE LINKSreported judgment - PDF pages: 18

SHA-256: 91ae23517b919e999f65dde5e126764ea5a29e338af91c8c7df517087ade424b

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.