

Agricultural Income Tax Officer & Another v. Goodricke Group Ltd. & Another

Civil Appeal No. 9043 of 2003

[2015] 3 SCR 612 | 2015-03-25

West Bengal tea-estate cesses: retrospective validation removed the basis of Buxa Dooars, while 12% interest under the later Goodricke order ran only from the respective assessments.

West Bengal Rural Employment and Production Act, 1976: sections 4(2A) and 4B as amended | West Bengal Primary Education Act, 1973: sections 78(2A) and 78C as amended | West Bengal Taxation Laws (Second Amendment) Act, 1989 | Constitution of India: Articles 301 and 304(b); Seventh Schedule, List II, Entry 49 (background to Buxa Dooars)

2-judge bench | A. K. Sikri, J. | Rohinton Fali Nariman, J.

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

Historical State cess regime

The ruling concerns retrospective West Bengal tea-estate cess legislation and the particular interim/final orders in Buxa Dooars and Goodricke. Verify present legislation and later treatment independently.

Mixed result

The State prevailed on validation and cess liability, but the assessee retained the favourable ruling on when post-Goodricke interest began.

01 FACTS OF THE CASE

Buxa Dooars had invalidated the original West Bengal rural-employment and education cesses on manufactured tea, and an interim order had contemplated refund with 12% interest. The State then enacted the 1989 Amendment with retrospective effect, changing the levy base from dispatch of manufactured tea to production of tea leaves. The later Goodricke decision upheld that amendment and directed payment of cesses stayed under its interim order with 12% interest. In the present litigation the High Court treated pre-amendment collections as refundable with interest, while holding that liability to interest under the later Goodricke order began only after assessments, which had been made from July 1993 with demands from 1995.

Source: [Facts and prior orders: paras 1-9, SCR pp.616-619](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read sections 4B and 78C as deeming the relevant pre-amendment cess amounts validly levied, paid or collected under the amended regime, subject to assessment and refund of any excess. By changing the legal basis of the levy retrospectively, the legislature removed the defect identified in Buxa Dooars; its declaratory judgment and interim order could therefore no longer govern the validated levy. This was distinguished from legislation directly overriding an unrepaired judicial mandate. For interest under the later Goodricke order, however, the phrase cesses stayed was tied to that case's interim order, which allowed assessments but barred enforcement. Interest accordingly ran from the respective assessment dates, not throughout the earlier period.

Source: [Validation reasoning: paras 12-17, SCR pp.624-628](#); [Interest reasoning: para 18, SCR pp.628-629](#)

03 JUDICIAL DECISION

The Supreme Court rejected the proposition that the earlier invalidity ruling continued to require refund despite the 1989 validation, because the amendment had removed the basis of Buxa Dooars. It upheld the High Court only on the interest issue: interest at 12% on cesses payable by virtue of the later Goodricke judgment ran from the respective assessment dates until recovery. Interest already paid by the respondents was to be adjusted against sums payable, and the appeal was disposed of.

Source: [Decision and operative directions: paras 14-20, SCR pp.625-629](#)

04 OUTCOME / IN WHOSE FAVOUR

Mixed. The State succeeded on retrospective validation and the resulting cess liability, so the earlier invalidity ruling did not preserve an independent refund entitlement. Goodricke retained the benefit of the High Court's ruling that post-Goodricke 12% interest began only from each assessment date. Prior interest payments were adjustable; there was no remand.

Source: [Mixed outcome and adjustment: paras 18-20](#)

05 AKHB REVIEW POINT

AKHB analysis: in a retrospective tax-validation dispute, identify the precise defect found in the earlier judgment, then test whether the later statute changes that legal basis within legislative competence or merely declares the judgment ineffective. Analyse interest separately from principal liability: here the operative words in a case-specific interim order fixed the start of interest at assessment, despite the State's success on validation. This historical result should not be carried into a current refund or interest computation without checking the governing enactment and later authorities.

Source: [Basis-removal and interest analysis: paras 12-18](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 18-page SCR report read. Editorial headnote on PDF pages 1-4 was distinguished from the judicial text beginning on PDF page 5 (SCR p.616).

Open cited source rendition

Exact bytes, SHA256 and 18-page count match catalogue asset 2015_3_612_629. All pages were read.

The title, decision date, bench, Civil Appeal No. 9043 of 2003 and [2015] 3 SCR 612 citation were verified from the report.

The report's headnote and OCR sometimes render statutory section 4B as 48. The quoted validation provision and the Court's analysis identify it as section 4B of the West Bengal Rural Employment and Production Act.

The reported judgment uses numbered paragraphs 1-20; paragraph and SCR/PDF page pinpoints are supplied.

STATUTORY SCOPE

The decision addresses historical West Bengal rural-employment and primary-education cess legislation for tea estates, including a 1989 retrospective validation. It does not certify any present cess, refund or interest position.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment, present statutory status and current refund or interest rules have not been checked. No current-law or citator clearance is represented.

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