

Jeyar Consultant & Investment Pvt. Ltd. v. Commissioner of Income Tax, Madras

Civil Appeal No. 8912 of 2003

[2015] 6 SCR 979 | 2015-04-01

Whether an assessee with losses from marine-product exports could obtain section 80HHC relief by combining domestic receipts with export results under the historical mixed-business formula, and whether the specified brokerage, dividend, interest and share-profit receipts counted as total turnover.

80HHC(1) | 80HHC(3)(b) | 80AB

Two-judge bench | A. K. Sikri, J. | R. F. Nariman, J.

Assessment years: 1989-90

AY 1989-90 rule and printed numerical discrepancy

Apply this note only with the relevant historical statutory version and receipt facts. The later-version subsection divisions quoted from IPCA and A.M. Moosa are not Jeyar's AY 1989-90 text. Page 21 visually gives brokerage of Rs. 8,50,321, correcting the OCR; the printed domestic subtotal and export turnover exceed the printed aggregate by Rs. 300. No corrected aggregate or verified worked computation is substituted. The Supreme Court dismissed with costs and ordered no remand. This unchanged reported-mirror rendition is the source; its public URL could not be revalidated here. Later treatment/current law remain unverified, and no Income-tax Act, 2025 carryover is certified.

01 FACTS OF THE CASE

For AY 1989-90, Jeyar exported marine products and also conducted financial consultancy and equity-share activities. Its initial deduction claim was denied because of the relationship with processors. On first appeal to the Tribunal, the assessee obtained a direction dated 24 April 1992 to grant section 80HHC relief. In the consequential assessment, however, the Assessing Officer found that exports had produced a loss and quantified the deduction at nil under section 80AB. The Commissioner (Appeals) rejected the ensuing appeal on maintainability grounds; the Tribunal sustained the nil deduction. On a section 256(2) reference, the Madras High Court agreed that absent export profits no deduction arose (paragraphs 4-8).

Before the Supreme Court, the assessee argued that the historical section 80HHC(3)(b) formula and CBDT Circular No. 564 allowed overall domestic-business profits to offset export losses and yield relief. Revenue responded that the claimed domestic components were receipts such as finance-arrangement brokerage, dividends, interest and profit on sale of shares, rather than trading turnover (paragraphs 9-14, 21-22).

Source: [reported judgment / paragraphs 3-14, 21 / PDF pages 5, 6, 7, 8, 9, 10, 21 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated entitlement and computation as distinct questions. Reading IPCA Laboratory and A.M. Moosa together, it explained that profits and losses across different export streams must be aggregated: a net export loss cannot be disregarded, while a positive net export result can satisfy that prerequisite. Those cases involved two export activities; they did not establish that unrelated domestic income could create export-profit entitlement (paragraphs 15-19).

For this assessee, section 80HHC(1) required profits from exports before the computation machinery in subsection (3) could operate. The fact that domestic profits might exceed export losses did not confer the deduction. The nil result therefore followed from the export loss without further formula computation (paragraphs 18-20).

The Court also expressly endorsed the Tribunal's alternative reasoning. The particular domestic receipts were income in themselves rather than trading turnover containing an embedded profit or loss. Brokerage for arranging clients' finance, dividends, interest and profit on share sales could not simply be added to export turnover to build the claimed denominator. The Court agreed that the mixed-business formula was inapplicable as the assessee sought to use it on these facts. The Finance Bill material and earlier-case extracts do not amount to an independently determined amendment history in this note (paragraphs 21-23).

Source: [reported judgment / paragraphs 15-23 / PDF pages 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 / judicial text](#)

03 JUDICIAL DECISION

The deduction was nil because the assessee had incurred an export-business loss. Independently, the four specified domestic income items could not be treated as total turnover in the claimed formula. Civil Appeal No. 8912 of 2003 was dismissed with costs; no amount of costs was stated and no remand was ordered (paragraphs 19-24).

Source: [reported judgment / paragraphs 19-24 / PDF pages 20, 21, 22, 23 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Civil Appeal No. 8912 of 2003 dismissed with costs

Final determination for AY 1989-90; nil deduction affirmed

Historical mixed-business provision and the identified receipt composition. The earlier assessment-stage remand is not Supreme Court relief. The alternative turnover reasoning does not classify every possible receipt or determine gross share-sale turnover in a different business.

Source: [reported judgment / paragraphs 23-24 / PDF pages 23 / judicial text](#)

05 AKHB REVIEW POINT

Begin with the assessment-year version and the actual export result before inserting numbers into a turnover ratio. Netting profits and losses between export streams is different from relying on domestic receipts to establish export-profit entitlement. Reconcile each proposed turnover item to its character and gross trading receipts; a profit figure, dividend or financing fee cannot be inserted solely because it appears in the profit-and-loss account. This is the Court's historical AY 1989-90 application, not a universal present-day export-deduction calculator. The reported numerical table contains a Rs. 300 aggregate discrepancy, so it should not be used as a verified worked example.

Source: [reported judgment / paragraphs 2-5, 18-24 / PDF pages 3, 4, 5, 19, 20, 21, 22, 23 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Appeal groups

1.

Case numbers: Civil Appeal No. 8912 of 2003

Disposition: Dismissed with costs on merits; no specified costs amount

Remand: False

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 23

Paragraphs: 23-24

Source role: judicial text

Issue results

1.

Issue: Domestic profits claimed to outweigh export losses

Result: No section 80HHC deduction without positive export profits; nil deduction sustained

In whose favour: Revenue

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 19; 20; 21

Paragraphs: 18-20

Source role: judicial text

2.

Issue: Brokerage, dividend, interest and share-profit items as total turnover

Result: Specified receipts treated as income simplicitor, not turnover for the formula; alternative reason for rejecting the claim

In whose favour: Revenue

Pinpoints

1.

Source url: [Open cited source](#)**Pdf pages:** 21; 22; 23**Paragraphs:** 21-23**Source role:** judicial text**ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS**

80B(5); 246; 256(2)

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A. K. Sikri, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SCOPE AND LIMITS OF THE RECORDED TREATMENT CHECKS

1.

Scope: Paragraphs 15-19 recount and quote IPCA Laboratory and A.M. Moosa; paragraphs 21-23 quote and approve the Tribunal reasoning.**Pages actually read:** 11; 12; 13; 14; 15; 16; 17; 18; 19; 20; 21; 22; 23**External originals checked:** False**Later treatment checked:** False**Result:** Embedded authorities support the stated historical reasoning only; no separate earlier or later judgments reviewed.**SOURCE & VERIFICATION**[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 23 PDF pages; SHA-256

0f8ecb56fe81c57b69620ca670328c0d88f766af4b810fbd928bff5fb4b1429d. Original bytes preserved.

Judgment paragraphs 1-24 on physical pages 3-23 (SCR 981-1001), fully read, including the historical statutory extracts, embedded IPCA/A.M. Moosa passages and Tribunal quotation. Pages 1-2 and opening of page 3 are editorial/report material. No neighbouring judgment or separate opinion.

[Open cited source rendition](#)

Paragraph 5 expressly identifies AY 1989-1990. AY 1996-97 in paragraph 15 belongs to the recounted IPCA litigation, not this assessee.

The operative computation provision is section 80HHC(3)(b) as quoted for AY 1989-90, concerning mixed export/domestic business. Later-version manufacturing/trading subdivisions in the embedded IPCA and A.M. Moosa discussions are not silently substituted for that historical text. Section 80AB supplies the Chapter VI-A computation principle; section 80B(5) is in the quotations. Sections 246 and 256(2) describe procedure. CBDT Circular No. 564 dated 5 July 1990 is recounted, not independently retrieved.

Unchanged reported eSCR mirror; no separate signed original retrieved and no successful live revalidation of the public acquisition URL.; The physical page 21 table reads brokerage Rs. 8,50,321, not the OCR extraction's Rs. 8,00,321. Its four entries sum to the printed subtotal Rs. 9,37,693. That subtotal plus the printed export turnover Rs. 16,67,084 is Rs. 26,04,777, whereas the reported aggregate is Rs. 26,04,477: a Rs. 300 inconsistency in the source remains unresolved.; The report says profit or sale in surrounding prose, but the table clearly labels profit on sale of shares. The note uses the table's label, without equating share profit to gross sale proceeds.; Quoted IPCA/A.M. Moosa passages use later subsection divisions; this note retains Jeyar's expressly identified AY 1989-90 and historical mixed-business formula. Earlier authorities and the CBDT circular were read only as embedded in this judgment.

Single appeal from the Madras High Court judgment dated 20 August 2002 in T.C. No. 660 of 1994. The earlier Tribunal remand forms part of the assessment history; the Supreme Court ordered no remand.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions only. No current-law certification or 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. Only the three assigned reported judgments were reviewed; earlier authorities discussed or quoted within them were not independently reread.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 23](#)

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AI DISCLOSURE

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