

Assistant Commissioner of Income Tax, Bangalore v. Micro Labs Limited

Civil Appeal No. 7427 of 2012 and connected appeals

[2015] 11 SCR 1154 | 2015-12-10

Split opinions on whether section 80-IA(9) changes computation of a concurrent section 80-HHC deduction or only caps its ultimate allowance

Income-tax Act, 1961: sections 80-IA(9), 80-IB(13), 80-HHC, 80-A, 80-AB and 80-B(5)

Two-judge bench; separate opinions | Anil R. Dave, J. | Dipak Misra, J.

Divided bench - no common ratio

Do not cite either 2015 opinion as the Court's final controlling holding. The later three-judge Shital Fibers decision answered the reference.

01 FACTS OF THE CASE

Micro Labs had claimed deductions connected with export profits and industrial-undertaking profits. The Commissioner revised the assessment under section 263 on the basis that profits already allowed under section 80-IB could not again support the full section 80-HHC deduction. The Tribunal sustained revision; the Karnataka High Court ruled for the assessee. Connected appeals from different High Courts raised the same statutory interaction.

Source: [Primary judgment: facts and competing submissions](#)

02 DISCUSSION BY THE HON'BLE COURT

Dave, J. read section 80-IA(9), applied through section 80-IB(13), as preventing the same profits from supporting deduction again under another heading-C provision such as section 80-HHC. Misra, J. distinguished computation from allowance. In his view, section 80-HHC's statutory formula first computes the export deduction on the unreduced base; section 80-IA(9) then restricts what may ultimately be allowed so the combined deductions do not exceed the eligible-business profits. He considered an earlier reduction of the computation base inconsistent with sections 80-AB and 80-B(5) and capable of making the section 80-HHC formula unworkable.

Source: [Primary judgment: Dave, J.'s reasoning](#); [Primary judgment: Misra, J.'s separate opinion](#)

03 JUDICIAL DECISION

No majority holding emerged. Dave, J. would have allowed the Revenue's appeals; Misra, J. rejected the proposed alteration of the section 80-HHC computation base. The reported disposition therefore sent the statutory question to a larger Bench.

Source: [Primary report: divided-bench disposition](#)

04 OUTCOME / IN WHOSE FAVOUR

The 2015 report did not finally decide the connected appeals through a common ratio. It records referral to a larger Bench because of the difference of opinion. The later Shital Fibers judgment answered the referred interpretive question; case-specific final relief must be verified in the relevant later proceeding.

Source: [Primary report: outcome classification](#)

05 AKHB REVIEW POINT

AKHB analysis: treat Micro Labs as the historical split that generated the reference, not as a final merits precedent. For the later answer, consult Shital Fibers: compute each qualifying deduction under its own formula, then apply the eligible-profit ceiling at the allowance stage. Independently verify the governing year's deduction provisions and any final order in the particular appeal.

Source: [Primary judgment: competing constructions](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete 46-page Supreme Court Reports rendition. The report contains separate opinions and records a larger-Bench reference; it does not supply a common merits ratio or final relief in the connected appeals.

[Open cited source rendition](#)

The complete 46-page report was read and its SHA-256 matched the reconciliation catalogue.

The lead identity, case number, date, bench and split opinions were checked on the report. The larger-Bench disposition is recorded in the report's editorial headnote and corroborated by the later Shital Fibers judgment already preserved in the AKHB corpus.

No assessment year is assigned across the batch because the report does not identify one common year for every connected appeal.

STATUTORY SCOPE

The dispute concerns historical Chapter VI-A deductions, including section 80-HHC. Verify the governing assessment year's text, sunset provisions and amendments; this note does not assert an equivalent under later law.

LATER TREATMENT

Source checked 2026-10-12. Limited later treatment checked: the three-judge decision in Shital Fibers Limited v. Commissioner of Income Tax, 2025 INSC 743, approved Dipak Misra, J.'s computation-versus-allowance analysis and answered the reference. No comprehensive citator or present-law clearance is represented.

[Related note: Shital Fibers Limited v. Commissioner of Income Tax](#)

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.