

C.I.T. & Anr. v. M/s Yokogawa India Ltd.

Civil Appeal No. 8498 of 2013 and connected proceedings (full list below)

[2016] 9 SCR 163 | 2016-12-16

Whether amended section 10A is a deduction or exemption provision, and whether the eligible undertaking deduction precedes aggregation of other-unit income and losses and the Chapter VI computation of the assessee's total income.

10A | 10B | 2(45) | 70 | 72 | 74

Two-judge bench | Ranjan Gogoi, J. | Prafulla C. Pant, J.

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

Historical computation rule; mixed appeal outcomes

This is an undertaking-level deduction-sequencing decision under historical sections 10A/10B. The 37 appeals were disposed of under a common rule, not uniformly dismissed or allowed; no appeal-specific assessment years or amounts are supplied. Wipro Ltd. (2022) separately enforces the section 10B(8) opt-out declaration and deadline; the bounded comparison does not assert an express overruling of Yokogawa. Earlier-opinion text embedded in the first-page extraction is excluded. The preserved reported source and bounded official comparison have not been newly live-validated; comprehensive later treatment, current statutory conditions and any Income-tax Act, 2025 mapping are not verified.

[paragraphs 2, 17-18 / PDF pages 5, 15 / judicial text: paragraphs 4.11 / PDF pages 16 / attributed assessee submission: paragraphs 8-14 / PDF pages 18, 19, 20, 21, 22, 23, 24 / judicial text bounded later comparison](#)

01 FACTS OF THE CASE

The Court considered a common group of 37 civil appeals concerning section 10A and, by express statement in paragraph 2, the corresponding section 10B computation question. The source does not narrate the lead undertaking's detailed business facts, tax figures or assessment year. The questions concerned the meaning of total income, the effect of the Finance Act, 2000 substitution from 1 April 2001, and whether current or brought-forward losses and unabsorbed depreciation of other eligible or non-eligible units could be adjusted before the undertaking deduction. Paragraph 14 identifies Civil Appeal Nos. 8563/2013 and 8564/2013 and an appeal arising from SLP(C) No. 18157/2015 as brought by loss-making eligible units and/or non-eligible assesseees seeking adjustment against eligible-unit profits. The group therefore cannot be described as exclusively Revenue appeals (paragraphs 1-4, 9-11 and 14).

Source: [reported judgment / paragraphs Appeal list: 1-4, 9-11, 14 / PDF pages 4, 5, 6, 11, 12, 13, 14 / reported metadata and judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court compared the pre-2001 exemption wording, the Finance Act, 2000 substitution and the Finance Act, 2003 retrospective changes. The statutory language controlled. Retaining section 10A in Chapter III was relevant but not determinative; the express use of deduction showed a change from exemption to deduction. Departmental circulars and return forms were not uniform enough to resolve the matter by label alone (paragraphs 4-13).

That characterization did not dictate a deduction at the final assessee-wide stage. The Court relied on the eligible undertaking as the unit contemplated by section 10A, including the first proviso to subsection (1), subsection (1A) and subsection (4). The contemporaneous Circular No. 794 supported undertaking-specific export and total turnover. Domestic-sales profits remained within ordinary business computation; the section 10A(6) provisions concerning post-holiday loss and allowance consequences also reflected the deduction structure. The continued separate provisions of sections 80HHC and 80HHE supported a distinction between the stages at which those deductions and section 10A operated (paragraphs 14-16).

The section 10A deduction was to be made independently immediately after determining the eligible undertaking's profits and gains. Aggregating income under other heads and applying the sections 70, 72 and 74 set-off/carry-forward exercise at that point would be premature. In that setting, the expression total income of the assessee in section 10A was read as the total income of the undertaking. This resolves the sequence without treating the amended provision as an exemption outside the computation framework (paragraphs 16-18).

Source: [reported judgment / paragraphs 4-18; historical statutory text, arguments and interpretation / PDF pages 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 / judicial text](#)

03 JUDICIAL DECISION

Section 10A as amended is a deduction provision, but its deduction operates while computing the eligible undertaking's gross total income under Chapter IV, before the assessee-wide Chapter VI total-income stage. The same answer applies to the corresponding section 10B question. All 37 listed appeals were disposed of in those terms; paragraph 18 does not separately allow or dismiss each appeal, quantify relief, or order a remand (paragraphs 2 and 18).

Source: [reported judgment / paragraphs 2, 18 / PDF pages 5, 15 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Eligible profit-making undertakings on deduction sequencing; no uniform party-wise win is recorded for this mixed group

All 37 listed appeals disposed of in accordance with the common interpretation

Final interpretation of the nature and computation stage of the historical sections 10A/10B deduction; no individual monetary computations supplied

The amended provision is a deduction, not an exemption. Its undertaking-level stage precedes the specified aggregation and other-unit loss set-off. This is not a blanket ruling on all eligibility, return-filing, declaration or election conditions under sections 10A/10B, and not an order dismissing every Revenue appeal.

Source: [reported judgment / paragraphs Full appeal list; 14 and 18 / PDF pages 4, 14, 15 / reported metadata and judicial text](#)

05 AKHB REVIEW POINT

Prepare the computation undertaking by undertaking and keep the distinction between the legal character of a deduction and its statutory place in the computation. The judgment does not support reducing an eligible undertaking's profits first by losses of other units merely because section 10A uses deduction language. It equally does not permit describing the amended provision as an exemption. Preserve any separate question concerning an undertaking's own allowable expenses, eligibility, statutory conditions or later amendments for its own analysis.

For a case digest or litigation table, use disposed of under the common rule rather than an invented all-Revenue-dismissed outcome. The group includes assessee seeking loss adjustment, no appeal-specific assessment years are supplied, and no SLP-to-civil-appeal mapping should be guessed. The historical statutory quotations and the express section 10B parallel do not certify present law or carry the precedent automatically into the Income-tax Act, 2025.

A bounded later comparison reinforces that separate-condition boundary. In Principal Commissioner of Income Tax-III v. Wipro Ltd. (11 July 2022), the assessee cited Yokogawa in paragraph 4.11. Wipro's judicial reasons held that both the written section 10B(8) opt-out declaration and filing it before the section 139(1) return deadline were mandatory; the late declaration with the revised return did not secure the claimed opt-out/loss treatment (paragraphs 8-14). This note therefore distinguishes computation sequencing from compliance with the statutory opt-out condition. That is an editorial scope comparison: Wipro does not expressly distinguish or overrule Yokogawa in those reasons, and its repeated exemption terminology is not silently treated as a resolution of every characterization issue.

Source: [reported judgment / paragraphs 2, 12-18 / PDF pages 5, 13, 14, 15 / judicial text; official signed judgment / paragraphs 4.11 / PDF pages 16 / attributed assessee submission; official signed judgment / paragraphs 8-14 / PDF pages 18, 19, 20, 21, 22, 23, 24 / judicial text bounded later comparison](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 8498 of 2013 / Civil Appeal No. 8925 of 2013 / Civil Appeal No. 8926 of 2013 / Civil Appeal No. 8534 of 2013 / Civil Appeal No. 8514 of 2013 / Civil Appeal No. 8512 of 2013 / Civil Appeal No. 8563 of 2013 / Civil Appeal No. 8564 of 2013 / Civil Appeal No. 8517 of 2013 / Civil Appeal No. 8520 of 2013 / Civil Appeal No. 8931 of 2013 / Civil Appeal No. 8511 of 2013 / Civil Appeal No. 8930 of 2013 / Civil Appeal No. 8928 of 2013 / Civil Appeal No. 8508 of 2013 / Civil Appeal No. 8516 of 2013 / Civil Appeal No. 8923 of 2013 / Civil Appeal No. 8502 of 2013 / Civil Appeal No. 8924 of 2013 / Civil Appeal No. 8496 of 2013 / Civil Appeal No. 8497 of 2013 / Civil Appeal No. 8790 of 2012 / Civil Appeal No. 8788 of 2012 / Civil Appeal No. 9253 of 2015 / Civil Appeal No. 8232 of 2015 / Civil Appeal No. 12203 of 2016 / Civil Appeal No. 12204 of 2016 / Civil Appeal No. 12206 of 2016 / Civil Appeal No. 12207 of 2016 / Civil Appeal No. 12205 of 2016 / Civil Appeal No. 12208 of 2016 / Civil Appeal No. 12250 of 2016 / Civil Appeal No. 12251 of 2016 / Civil Appeal No. 12252 of 2016 / Civil Appeal No. 12254 of 2016 / Civil Appeal No. 12253 of 2016 / Civil Appeal No. 12255 of 2016

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Nature of amended section 10A

Result: Deduction provision notwithstanding its retention in Chapter III

In whose favour: Revenue position on characterization accepted

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 13; 14

Paragraphs: 13-14

Source role: judicial text

2.

Issue: Stage of undertaking deduction and other-unit loss adjustment

Result: Deduction follows determination of eligible undertaking profits and precedes the Chapter VI aggregation/set-off exercise

In whose favour: Eligible profit-making undertakings on sequencing

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 14; 15

Paragraphs: 16-18

Source role: judicial text

3.

Issue: Connected appeals and section 10B scope

Result: Common answer expressly applicable to section 10B; all listed appeals disposed of without individualized allow/dismiss orders

In whose favour: Party-specific disposition not itemized

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 15

Paragraphs: 2, 18

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

32; 32A; 33; 35; 36(1)(ix); 80HHC; 80HHE; 80HH; 80HHA; 80-I; 80-IA; 80-IB; 80J

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ranjan Gogoi, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Earlier case id: sc-2016-12-16-yokogawa-india

Later case id: sc-2022-07-11-wipro-limited

Relationship: bounded editorial comparison of computation rule with mandatory section 10B8 opt out conditions

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 5; 15

Paragraphs: 2, 17-18

Source role: judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 16

Paragraphs: 4.11

Source role: attributed assessee submission

3.

Source url: [Open cited source](#)

Pdf pages: 18; 19; 20; 21; 22; 23; 24

Paragraphs: 8-14

Source role: judicial text bounded later comparison

Scope limit: Yokogawa is cited by the assessee in Wipro paragraph 4.11. The reviewed judicial reasons hold the section 10B(8) declaration and deadline mandatory; they do not expressly distinguish or overrule Yokogawa. The computation/condition distinction is editorial, and comprehensive later_treatment remains not_verified.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 15 PDF pages; SHA-256

6def98dc1fd132fcc7d8833f2ae542304a212570c21ba1a0d14dd22fcd9a402. Original bytes preserved.

Judicial paragraphs 1-18 on physical pages 5-15 (SCR 167-177), fully read. Physical pages 1-3 and opening material on pages 4-5 are reporter/editorial material, appeal list and appearances. The first PDF page visibly begins this case at SCR 163, but its cached/extracted text also includes the preceding contempt opinion at SCR 162. That neighboring opinion is excluded from this review and all note content.

Open cited source rendition

No assessment year of a particular appeal is identified in the bounded judicial text. AY 2001-02 describes the retrospective statutory changes and AY 2012-13 an income-tax return form; neither is assigned to these appellants. Historical commencement and sunset wording in reproduced provisions is not a current-law statement.

Section 10A as substituted by Finance Act, 2000 and further amended by Finance Act, 2003 is the principal provision. Paragraph 2 expressly extends the decision to the pari materia section 10B computation issue. Sections 70, 72 and 74 concern the timing of aggregation/set-off; section 2(45) supplies the total-income issue. Other listed provisions are quoted statutory context or explain historical allowances and distinctions; independent eligibility or filing conditions are not adjudicated.

The page-1 extracted text includes the preceding contempt opinion at SCR 162, outside this case's visible page and judicial boundary. It is excluded; no review of that neighboring decision is claimed.; The source prints 37 appeal numbers and identifies a related SLP in paragraph 14 without a mapping. The note preserves all printed civil appeals and the unmapped reference without inventing an additional case.; No appeal-specific assessment year or relief amount is supplied. AYs in the statutory discussion and return-form comparison are not treated as the years adjudicated.; The report's historical section text is not a current consolidated statute. A later-treatment search and any 2025 Act mapping remain unverified.; Wipro Ltd. (11 July 2022), not Wipro Finance, is checked only at official paragraphs 4.11-14. Yokogawa is attributed to the assessee submission, not represented as an express later distinguishing or overruling holding.

The jurisdictional preface lists 37 civil appeals. Paragraph 1 grants leave in all special-leave petitions. Paragraph 14 separately refers to the civil appeal arising from SLP(C) No. 18157/2015 alongside Civil Appeal Nos. 8563/2013 and 8564/2013; the source does not map that SLP identifier to one of the numbered 2016 appeals. It is not counted as an invented 38th appeal. The lead arose from Karnataka High Court ITA No. 248/2007, judgment dated 9 August 2011.

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. Any source-checked comparison is expressly bounded.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 15

SHA-256: 6def98dc1fd132fcc7d8833f2ae542304a212570c21ba1a0d14dd22fcd9a402

official signed judgment - PDF pages: 24

SHA-256: b7d246d5deee6e72e07d7178ef1ea186343b6af1693b67b1753faced3dc5c81f

Related note: Principal Commissioner of Income Tax-III, Bangalore and Another v. M/s Wipro Limited

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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