

Commissioner of Income Tax, Ahmedabad v. Equinox Solution Pvt. Ltd.

Civil Appeal No. 4399 of 2007

[2017] 4 SCR 94 | 2017-04-18

Whether the 1990 sale of the entire running undertaking was treated as a short-term depreciable-asset transfer under section 50(2) or as the historical long-term undertaking sale.

50(2) | 48(2)

Two-judge bench | R.K. Agrawal, J. | Abhay Manohar Sapre, J.

Assessment years: 1991-92

AY 1991-92 sale; later section 50B must be checked

The case concerns a 31 December 1990 whole-undertaking sale, with an accepted holding period of nearly six years. Section 50B was subsequently inserted with effect from 1 April 2000. The judgment does not certify current slump-sale computation, valuation, holding-period rules or tax rates.

[Income Tax Department, historical section 50B, 2012 version](#)

01 FACTS OF THE CASE

The company manufactured sheet-metal components and sold its entire running business, with assets and liabilities, on 31 December 1990 to Amtex Appliances Ltd. for Rs. 58,53,682. For AY 1991-92 it claimed the then section 48(2) deduction, treating the transfer as a slump sale of a long-term capital asset. The officer instead applied section 50(2) (paragraphs 3–5).

The Commissioner (Appeals) found the undertaking itself was the capital asset, held for nearly six years, and that it had been sold as a whole for a lump price rather than as individual or block assets. The Tribunal and High Court agreed. Revenue appealed (paragraphs 6–8).

Source: [reported judgment](#) / [paragraphs 3–8](#) / [PDF pages 2, 3, 4](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court accepted the undisputed whole-undertaking characterization. Section 50(2)'s depreciable-block treatment did not describe this sale of the running concern with all assets and liabilities. The relevant transferred capital asset was the business undertaking on the accepted facts, and its long holding period supported the long-term treatment (paragraphs 10–12).

The Court relied on Artex Manufacturing and agreed with the legal analysis in Premier Automobiles as discussed in its reasons. It found no error in the Commissioner (Appeals)'s conclusion or the appellate affirmances. It did not undertake a separate later section 50B computation or declare that every asset-package sale or every undertaking, regardless of holding period, is necessarily long-term (paragraphs 13–16).

Source: [reported judgment / paragraphs 10–15 / PDF pages 4, 5 / judicial text](#)

03 JUDICIAL DECISION

Revenue's appeal was dismissed. The historical long-term slump-sale treatment and section 48(2) deduction accepted below stood undisturbed. No remand or fresh tax computation was ordered (paragraph 16 read with 10–12).

Source: [reported judgment / paragraphs 16 / PDF pages 5 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Revenue appeal dismissed; favourable appellate conclusion sustained

Final resolution of the historical section 50(2)/48(2) characterization issue

AY 1991-92 and a whole running business held about six years. Not a ruling that every slump sale is tax-free or long-term, and not a computation under later section 50B or later valuation rules.

Source: [reported judgment / paragraphs 10–16 / PDF pages 4, 5 / judicial text](#)

05 AKHB REVIEW POINT

Identify what was actually transferred: a functioning undertaking with its assets and liabilities, or selected depreciable assets. Preserve the sale agreement, lump-price terms, undertaking history and holding period; the label slump sale alone does not establish those facts. This decision retained taxation as long-term capital gain under the then regime, rather than declaring the transaction outside tax.

A bounded official statutory check confirms that section 50B was inserted by the Finance Act, 1999 with effect from 1 April 2000. The checked 2012 departmental text contains a separate slump-sale computation framework and a holding-period proviso. Equinox's AY 1991-92 result is not a substitute for that later regime or its subsequent amendments; no current valuation method, rate or exemption is certified.

Source: [reported judgment / paragraphs 6 and 10–16; editorial application / PDF pages 3, 4, 5 / judicial text; bounded later statutory web source / paragraphs Historical 2012 section 50B, footnote 5 and subsections 1–2 / official statutory web text](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

260A

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Abhay Manohar Sapre, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 5 PDF pages; SHA-256

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Judicial paragraphs 1–16 on physical pages 2–5 (SCR 95–98); cover/headnote before author line separated. Complete short judgment read, with noisy extraction checked against rendered pages.

[Open cited source rendition](#)

The index title prints EQUINQX; the rendered cover and running title identify Equinox. The frozen source is not modified.; The source has noisy extraction; the date 18 April 2017 and the cover/operative text were visually checked.; Section 48(2) is expressly described as it stood then. No present-day deduction of that name or historical percentage is inferred.; The cited Artex and Premier Automobiles texts were not independently read in full for this note; only their treatment here is described.

STATUTORY SCOPE

Historical statutory/factual setting; current rates, procedure and Income-tax Act, 2025 mapping are not certified.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent-treatment or current-law audit. Specifically read related sources are identified separately.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 5](#)

SHA-256: a0aec0e3b035aca7f5fa6a6d2bf31a5a2e8e45eec09a4a3a18ce9f7d81186c87

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