

Commissioner of Income Tax Cochin v. M/s Travancore Cochin Udyoga Mandal

Civil Appeal No. 2015 of 2007

[2017] 7 S.C.R. 551 | 2017-08-17

Whether the accumulated lease-rent deduction belongs to assessment year 1992-93 after rejection of the assessee's objection or 1989-90 when rent was fixed, and whether deciding that question first requires factual adjudication of the liability as statutory or contractual.

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

Assessment years: 1992-93

Remand only; deduction merits left open

The Supreme Court did not choose 1992-93 or 1989-90 and did not determine whether the rent liability was statutory or contractual. Revenue succeeded procedurally in obtaining fresh ITAT adjudication. The post-remand result and later treatment remain unverified.

01 FACTS OF THE CASE

The State had allotted acquired land to the assessee for its factory. By order dated 25 June 1988 it fixed the lease rent. The assessee sought a reduction, but the State rejected its request on 7 November 1991. The assessee then claimed Rs.97,69,077 as accumulated lease-rent deduction in assessment year 1992-93 (paragraphs 3-6).

The Assessing Officer and Commissioner (Appeals) held that, under the assessee's mercantile accounting, the liability had accrued in 1989-90 when the rent was fixed. The Tribunal instead allowed the 1992-93 claim because the rent dispute was settled in November 1991; the Kerala High Court affirmed. In the Supreme Court, Revenue argued for the first time that fixation, payment and recovery were statutory under Kerala land-assignment legislation and rules. The assessee objected that the issue had not been raised below and required documents and an opportunity to answer it (paragraphs 7-12).

Source: [reported judgment](#) / [paragraphs 1-12](#) / [PDF pages 2, 3, 4, 5](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court regarded the statutory-versus-contractual character of the rent fixation and payment, its effect on deductibility, and the proper assessment year as a mixed question of law and fact. None of the authorities below had decided that issue, and the assessee had not had an opportunity to meet Revenue's new contention. The Supreme Court could not decide it for the first time without the necessary factual material (paragraphs 13-15).

The Tribunal, as the final fact-finding authority in the hierarchy, was best placed to consider the parties' documents and decide the issue. The Court expressly refrained from any merits opinion or finding on the competing submissions and left their applicability and relevance to the Tribunal (paragraphs 16-17).

Source: [reported judgment / paragraphs 13-17 / PDF pages 5, 6 / judicial text](#)

03 JUDICIAL DECISION

Revenue's appeal was allowed for remand. The impugned High Court order and Tribunal order were set aside. The assessee's appeal was remitted to the Income Tax Appellate Tribunal, Cochin Bench, for fresh merits determination, with both parties permitted to file relevant documents. The Court directed disposal within six months of appearance and fixed 18 September 2017 for appearance (paragraphs 18-20).

Source: [reported judgment / paragraphs 18-20 / PDF pages 6 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue procedurally; substantive deduction merits left open

Revenue appeal allowed; High Court and Tribunal orders set aside; remand to ITAT, Cochin Bench

No Supreme Court determination of the liability character, deduction entitlement or proper assessment year

This is not approval of deduction in 1992-93 or a final ruling for 1989-90. Both the statutory-versus-contractual issue and its tax consequences require the remanded factual adjudication.

Source: [reported judgment / paragraphs 17-20 / PDF pages 6 / judicial text](#)

05 AKHB REVIEW POINT

Do not cite the remand as a crystallisation-year rule. Assemble the allotment and lease instruments, rent-fixation order, objection, final government decision and the relevant land-assignment provisions before deciding whether the liability is contractual or statutory and when it is deductible. Distinguish the Court's procedural allowance of Revenue's appeal from a substantive disallowance of the assessee's claim. The actual remand result and any later appeal must be checked separately; neither is verified here.

Source: [reported judgment / paragraphs 13-20 / PDF pages 5, 6 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Character of rent liability and proper deduction year

Result: Mixed question of law and fact requiring fresh ITAT adjudication; merits expressly left open

In whose favour: Neither party on the merits

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: 13-17

Source role: judicial text

2.

Issue: Procedural challenge to prior orders

Result: High Court and Tribunal orders set aside; parties may file relevant documents before ITAT

In whose favour: Revenue procedurally

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: 18-20

Source role: judicial text

Appeal groups

1.

Appeals: Civil Appeal No. 2015 of 2007

Appellant role: Revenue

Disposition: Allowed for remand, without merits determination

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: 17-20

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Abhay Manohar Sapre, J.

OTHER LEGAL CONTEXT

Kerala Land Assignment Act, 1960, sections 3 and 7; Kerala Land Assignment Rules, 1964; Rules for Assignment of Government Land for Industrial Purposes

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

ISSUES NOT DECIDED ON THEIR MERITS

Whether fixation, payment and recovery of the lease rent were statutory or contractual; Effect of that character on the deduction claim; Proper assessment year for the accumulated rent claim; Applicability and relevance of the parties' competing submissions on the merits

REMAND SCOPE AND HISTORICAL DIRECTIONS

Tribunal: Income Tax Appellate Tribunal, Cochin Bench, Cochin

Appeal as printed: I.T.A. No. 673 (Coach)/1995

Scope: Fresh decision on merits in accordance with law; relevant documents may be filed by both parties

Historical appearance date: 2017-09-18

Historical disposal direction: Within six months from the date of appearance of the parties

Subsequent compliance: not verified

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: 17-20

Source role: judicial text

SOURCE & VERIFICATION

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

Identified source rendition: 6 PDF pages; SHA-256

f2c24715b150022edb3089a3629dbb2905ed81e01864e043116a50954c2cd04b. Original bytes preserved.

Judgment paragraphs 1-20 on physical PDF pages 2-6 (SCR 552-556); page 1 and the beginning of page 2 contain editorial headnote, identity and appearance material. No neighbouring judgment included.

[Open cited source rendition](#)

Cover identity, date, bench and SCR citation verified visually; paragraph 1 identifies Abhay Manohar Sapre as the author, irrespective of the corpus metadata star marker.

1992-93 is the year of the disputed claim. 1989-90 is the alternative accrual year urged by Revenue and accepted by the Assessing Officer and Commissioner (Appeals); the Supreme Court did not select either year on the merits.

The judicial text refers generally to deduction under the Income Tax Act but does not identify a numbered 1961 Act provision. No section 37, 145 or other provision is inferred from the subject matter. Sections 3 and 7 mentioned in paragraph 11 belong to the Kerala Land Assignment Act, 1960, not the Income-tax Act.

Reported eSCR rendition preserved unchanged; no separate signed-original PDF retrieved. Headnote and metadata do not substitute for the express reservation in paragraph 17.; No numbered Income-tax Act section is stated in the bounded judicial text. Kerala Land Assignment Act sections 3 and 7 must not be misindexed as sections of the 1961 tax Act.; The operative source prints the remanded docket as I.T.A. No. 673 (Coach)/1995. The note preserves that printed identifier when identifying the remand rather than silently substituting a corrected bench abbreviation.; The six-month direction and 18 September 2017 appearance date are historical terms of the remand; compliance or later disposal has not been checked.; The court author is Abhay Manohar Sapre, expressly printed on physical page 2; corpus judge-order or star metadata is not used to infer authorship.

STATUTORY SCOPE

Historical 1961 Act judgment and its recorded statutory setting only. No automatic correspondence or precedent carryover to the Income-tax Act, 2025, and no current-law certification.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent appellate, review, stay, reversal or later judicial-treatment check has been performed. This is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 6](#)

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