

Mahabir Industries v. Principal Commissioner of Income Tax

Civil Appeal Nos.4765–4766 of 2018 / Civil Appeal No. 4767 of 2018

[2018] 4 SCR 484 | 2018-05-18

Whether this Himachal Pradesh unit's earlier section 80-IA/80-IB deductions exhausted the section 80-IC period after accepted substantial expansion.

80-IC(6) | 80-IC(3) | 80-IC(8)(v) | 80-IC(8)(ix) | 80-IB(4), second proviso

Two-judge bench | A.K. Sikri, J. | Ashok Bhushan, J.

Assessment years: 2008-09, 2009-10

Provision-specific counting; ten-year section 80-IC cap remains

Mahabir excludes the ordinary earlier section 80-IA/80-IB years on its accepted Himachal Pradesh expansion facts. It does not remove section 80-IC's own ten-year maximum or the specified North-Eastern aggregation. Aarham's bounded later explanation preserves the cap. Historical eligibility windows and later law require separate verification.

[paragraphs 23–24](#) / [PDF pages 23, 24](#) / [judicial text](#)

01 FACTS OF THE CASE

The polythene manufacturer had a unit in Himachal Pradesh. It obtained deductions under section 80-IA for AYs 1998-99 and 1999-2000 and section 80-IB from AY 2000-01 through AY 2005-06. After substantial expansion completed in AY 2006-07, the Assessing Officer allowed section 80-IC deduction for that year and AY 2007-08 (paragraphs 1–4).

For AYs 2008-09 and 2009-10, the officer treated the claims as the eleventh and twelfth deduction years and denied them by aggregating the earlier relief. The Commissioner (Appeals), Tribunal and High Court sustained that bar. The fact of qualifying expansion and the expansion-year trigger were accepted; the controversy was how the statutory ten-year period should be counted (paragraphs 6–13).

Source: [reported judgment](#) / [paragraphs 1–6, 8–9 and 13](#) / [PDF pages 4, 5, 6, 8, 11, 12](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court separated the three limbs of section 80-IC(6). First, deduction under section 80-IC itself could not exceed ten assessment years. Second, aggregation included the specified second proviso to section 80-IB(4), which concerned the notified North-Eastern industries. Third, section 10C was another expressly identified North-Eastern provision. The statute did not aggregate every deduction ever claimed under sections 80-IA or 80-IB (paragraph 10).

This unit had begun its section 80-IC claims only in AY 2006-07 and was not within the specified North-Eastern categories. The earlier ordinary section 80-IA/80-IB deductions therefore did not bar the two disputed section 80-IC years. The separate purpose of encouraging new investment and substantial expansion reinforced the reading. The Court did not abolish section 80-IC's own ten-year ceiling (paragraphs 11–12).

Revenue's attempt to invoke Textile Machinery Corporation's section 15C reconstruction analysis failed. That older provision and its test were different from substantial expansion under section 80-IC; additionally, the qualifying expansion was already admitted and had supported earlier allowed claims. The case did not require a fresh finding whether the investment met the expansion definition (paragraph 13).

Source: [reported judgment / paragraphs 10–13 / PDF pages 9, 10, 11, 12 / judicial text](#)

03 JUDICIAL DECISION

The High Court judgment was set aside on this issue and all the assessee's appeals were allowed. Denial of section 80-IC deduction for AYs 2008-09 and 2009-10 on the stated aggregation ground was held wrong. No fresh merits remand or quantified tax award was directed (paragraph 14).

Source: [reported judgment / paragraphs 14 / PDF pages 12 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Appeals allowed; High Court reversed on the deduction-period issue

Final determination of the disputed counting issue for the accepted expansion

Earlier deductions under the specified North-Eastern provisions remain within the statutory aggregation rule; section 80-IC's own ten-year maximum remains. This is not an entitlement to endless renewed ten-year periods or a new finding of substantial expansion.

Source: [reported judgment / paragraphs 14 / PDF pages 12 / judicial text](#)

05 AKHB REVIEW POINT

Construct the deduction history by exact provision and proviso, not just a single total of years. Record the State, the eligible activity, the expansion evidence and the initial assessment year under the relevant provision.

Mahabir turned on an already accepted expansion and the difference between ordinary earlier relief and the particular cross-provisions named in section 80-IC(6).

The bounded Aarham Softronics check, paragraphs 23–24, expressly treats Mahabir as assisting the assessee, while preserving the overall ten-year section 80-IC period when substantial expansion renews the initial-year rate within that regime. Mahabir's separate entry from an earlier deduction regime must not be paraphrased as a general removal of the cap. Neither note certifies present eligibility or later statutory operation.

Source: [reported judgment / paragraphs 10–14; editorial application / PDF pages 9, 10, 11, 12 / judicial text; reported judgment / paragraphs Aarham 23–24; bounded comparison / PDF pages 23, 24 / judicial text](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

80-IA; 10C; 143(3); Indian Income-tax Act, 1922, section 15C: rejected comparison

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A.K. Sikri, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Earlier case id: sc-2018-05-18-mahabir-industries

Later case id: sc-2019-02-20-aarham-softronics

Relationship: relied on to explain initial year analysis with ten year limit

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 23; 24

Paragraphs: 23–24

Source role: judicial text

Scope limit: Only the identified later passages checked; comprehensive treatment remains unverified.

SOURCE & VERIFICATION

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

Identified source rendition: 12 PDF pages; SHA-256

15bf261a354c8ece1b235fae4b7dcbf122e46a835b03d2ecda7c510f6422e1d9. Original bytes preserved.

Judicial text paragraphs 1–14 on physical pages 4–12 (SCR 487–495); headnote/reference/jurisdiction material on pages 1–3 is editorial. High Court illustrations quoted at paragraphs 6–7 remain attributed. No adjacent judgment.

Open cited source rendition

These are the expressly disputed deduction years; earlier 1998-99 onward deductions form the statutory history. The source does not allocate a separate third assessment year to CA 4767/2018.

Paragraph13's opening shorthand concerning the North-Eastern Region must be read with paragraph 10(a), which expressly preserves the ten-year maximum for section 80-IC itself.; Paragraph13(i) prints an inconsistent sentence suggesting entitlement where the older reconstruction exclusion applied. Its surrounding quotation and reasoning distinguish section 15C; no opposite reconstruction rule is inferred from that apparent missing negative.; Paragraph4 calls the taxpayer accused once. It is an assessee in civil tax appeals, not a criminal finding.; The opening synopsis describes infrastructure-oriented section 80-IA wording when narrating old claims. This note does not certify that synopsis as the exact historical text for every earlier deduction year.; The High Court's several hypothetical illustrations are quotations, not all the factual situations independently adjudicated in these appeals.

STATUTORY SCOPE

Historical assessment-year and statutory setting only; no automatic Income-tax Act, 2025 mapping.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent-treatment or current-law audit. Any actually checked later passage is separately described.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 12](#)

SHA-256: 15bf261a354c8ece1b235fae4b7dcbf122e46a835b03d2ecda7c510f6422e1d9

[reported judgment - PDF pages: 24](#)

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[Related note: Pr. Commissioner of Income Tax, Shimla v. M/s. Aarham Softronics](#)

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