

Principal Commissioner of Income Tax-4 & Anr. v. M/s Jupiter Capital Pvt. Ltd.

Special Leave Petition (Civil) No. 63 of 2025 / Arising out of Diary No. 39934 of 2024

[2025] 1 S.C.R. 431 : 2025 INSC 38 | 2025-01-02

Whether a court-sanctioned reduction in the number of shares constitutes a transfer under section 2(47) when the per-share face value and percentage shareholding remain unchanged.

2(47)

Two-judge bench | J.B. Pardiwala, J. | R. Mahadevan, J.

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

01 FACTS OF THE CASE

The assessee held 15,33,40,900 shares in Asianet News Network Pvt. Ltd., representing 99.88% of its share capital. Following losses and a Bombay High Court-approved capital reduction, the company's total shares fell from 15,35,05,750 to 10,000, and the assessee's holding fell to 9,988 shares. The Rs 10 face value and the assessee's percentage holding remained unchanged; it also received Rs 3,17,83,474. A claimed long-term capital loss of Rs 164,48,55,840 was disallowed on the view that no transfer or extinguishment of rights had occurred. CIT(A) sustained that view, but the Tribunal allowed the claim and the Karnataka High Court dismissed the Revenue's appeal. The Revenue then sought special leave.

Source: [reported judgment rendition / paragraphs 1-9 / PDF pages 3, 4, 5, 6, 7 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

In its reasoned order at the special-leave stage, the Court applied Kartikeya V. Sarabhai: section 2(47) is inclusive, and sale is only one form of transfer. Relinquishment or extinguishment of rights in a capital asset can qualify even though the taxpayer remains a shareholder. The earlier authority concerned a reduction in face value, but the Court applied the principle here to the substantial reduction in the number of shares. Continuing to hold 99.88% of the company did not mean the old rights remained unaffected. The Court referred to the breadth of extinguishment discussed in Vania Silk Mills and to Anarkali Sarabhai on redemption and reduction of share capital. It also discussed Jaykrishna Harivallabhdas on nil consideration in a liquidation setting; the present assessee, however, had actually received consideration. The order does not separately examine every computation, valuation, set-off or carry-forward condition for capital loss.

Source: [reported judgment rendition / paragraphs 10-15 / PDF pages 7, 8, 9, 10, 11, 12 / judgment](#); [reported judgment rendition / paragraphs 16-18 / PDF pages 12, 13, 14, 15 / judgment](#)

03 JUDICIAL DECISION

The Court held that the reduction in the subsidiary's share capital and the consequent reduction in the assessee's shareholding fell within section 2(47). It found no error in the High Court's order, condoned delay, and dismissed the Revenue's special leave petition. The Tribunal's allowance of the capital-loss claim, which the High Court had upheld, remained undisturbed.

Source: [reported judgment rendition / paragraphs 1, 10, 18-19 / PDF pages 3, 7, 15 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Delay condoned; Revenue's special leave petition dismissed by a reasoned order

Reasoned section 2(47) analysis at the SLP stage; leave was not granted and no civil appeal was decided

The order concerns the identified capital-reduction transaction. It is not a determination that every accounting reduction, capital write-down, buyback or nil-consideration restructuring automatically creates an allowable capital loss, or that all computation and utilisation conditions are satisfied in other cases.

Source: [reported judgment rendition / paragraphs 1-2, 18-19 / PDF pages 3, 15 / judgment](#)

05 AKHB REVIEW POINT

For a capital-reduction claim, reconcile the sanctioned scheme, the number and class of shares before and after reduction, the rights extinguished, any continuing holding, and consideration actually received. An unchanged ownership percentage or face value does not by itself answer the transfer question. Keep the section 2(47) analysis distinct from proof of cost, the applicable computation rules and the conditions for using a loss. When citing this decision, identify it accurately as a reasoned SLP dismissal and distinguish the present compensated share reduction from the liquidation and preference-share examples quoted in the authorities.

Source: [reported judgment rendition / paragraphs 4-8, 12-18 / PDF pages 3, 4, 5, 6, 11, 12, 13, 14, 15 / judgment](#)

PROVISION-SPECIFIC SCOPE

1.

Section: 2(47)

Role: Operative inclusive definition of transfer, including relinquishment and extinguishment of rights

2.

Section: 45

Role: Capital-gains charging context, discussed through the cited Supreme Court authorities

3.

Section: 48

Role: Computation context in discussion of Jaykrishna Harivallabhdas

4.

Section: 46(2)

Role: Appears inside the quoted liquidation precedent; not the governing factual transaction here

OTHER GOVERNING STATUTES

1.

Act: Companies Act, 2013

Section: 66

Role: General capital-reduction context in paragraph 12(b)

2.

Act: Companies Act, 1956

Section: 77(1)

Role: Historical company-law discussion in the Anarkali Sarabhai quotation; not a current compliance statement

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment rendition)

Identified source rendition: 15 PDF pages; SHA-256
 60bd36d280e1d7d51fc74749673956638570ac75cb6db2f5d2a21b3612fc8aac. Original bytes preserved.

Open cited source rendition

Frozen metadata date 1 January 2025 conflicts with both the reported cover and official signed date 2 January 2025; the latter is used with provenance without altering the frozen index.

The reportable order at paragraphs 1-19 (reported PDF pp. 3-15) was reviewed. Editorial headnotes and publisher result labels were excluded from the holding analysis.

This is a reasoned dismissal of an SLP, not an appeal judgment after leave. The body records hearing Revenue's ASG and contains no grant of leave.

Paragraph 4 states acquisition components of 14,95,44,130 and 38,06,758 shares; those do not arithmetically total its stated 15,33,40,900. The note uses the holding figures reiterated in paragraphs 5 and 14 and does not silently repair the acquisition components.

The CIT(A) quotation in paragraph 7 reverses some company/assessee share figures. The operative narrative and paragraph 14 govern the note's factual figures.

The High Court quotation in paragraph 9 contains the words no transfer and an irregular citation, although the Supreme Court's own reasoning in paragraphs 14-18 holds that the transaction is a transfer. The inconsistent quoted wording is not adopted as the holding.

The preference-share face-value examples in the cited decisions are separated from this case's reduction in the number of equity shares at an unchanged face value.

The assessment year is not stated in the reviewed order and is intentionally left blank. No current-law or later-treatment certification, or automatic 2025 Act mapping, is made.

Official online text was checked, but the official binary was not downloaded or hashed; identical reported and official page counts in this case do not imply identical pagination.

Reported citation, neutral citation, petition number, date and bench verified on reported PDF p. 1; official PDF p. 1 corroborates the neutral citation, petition number and diary number. No civil appeal number is invented.

The Supreme Court's order does not identify the assessment year. No year is inferred from the CIT(A) order date, underlying proceeding, or later commentary.

STATUTORY SCOPE

No 2025 Act mapping or present-law certification is made. Apply the statutory text and savings provisions governing the relevant year only after separate verification.

LATER TREATMENT

Source checked 2026-10-04. Subsequent appeals, review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[reported judgment rendition - PDF pages: 15](#)

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[official signed judgment - PDF pages: 15](#)

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