

## Aspinwall and Co. Ltd. v. Inspecting Assistant Commissioner

Civil Appeal No. 7796 of 2012 with Civil Appeal Nos. 6617 of 2019, 13454 and 13455 of 2015, and 19865 of 2017

2026 INSC 359; [2026] 5 SCR 160 | 2026-04-13

### **Kerala agricultural income tax: amalgamation did not transfer expired losses; section 72A distinguished as a statutory comparison.**

Kerala Agricultural Income Tax Act, 1991: sections 12 and 54; sections 2(7), 2(20), 3, 48 and 60 considered | Income-tax Act, 1961: section 72A (comparison only) | Companies Act, 1956: sections 391, 394 and 394A; Companies Act, 2013: section 230(5) (Dalmia Power distinction)

2-judge bench | Rajesh Bindal, J. | Vijay Bishnoi, J.

Assessment years: 2006-07; subsequent years in connected appeals, not individually specified in the judgment

### **Agricultural income tax; no general ban on merger-loss relief**

The decision turns on the Kerala statute, absence of notice to the State and an independently unchallenged finding that losses exceeded eight years. It does not invalidate relief expressly available under section 72A or decide that every sanctioned merger scheme is ineffective against tax authorities.

### **01 FACTS OF THE CASE**

Pullangode Rubber & Produce Co. Ltd. amalgamated with Aspinwall under a scheme sanctioned in November 2006, with 1 January 2006 as its appointed date. Aspinwall sought to set off the predecessor's accumulated agricultural losses against its own income, relying on succession under section 54, the carry-forward provision in section 12, clause 14.2 of the scheme and Dalmia Power. Five appeals challenged Kerala High Court orders upholding rejection of the claim. The lead appeal concerned AY 2006-07; the other appeals concerned subsequent years.

Source: [Paragraphs 2-6.4 and 15 / official PDF pages 2-7 and 18-19](#)

## 02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished the Kerala provisions from section 72A of the Income-tax Act, 1961, which contains an express deeming provision for qualifying amalgamation losses. Section 54 addresses assessment and recovery on business succession; counsel identified no Kerala provision permitting the claimed transfer of losses. Clause 14.2 of the sanctioned scheme did not establish that entitlement. Dalmia Power was distinguished because notice there had been served on the Income Tax Department, whereas the State of Kerala received no notice in this case and the 1956 Act did not require such State notice before sanction. Independently, the High Court had found that the losses already exceeded the eight-year limit in the lead year; later years could not improve that position, and no specific ground challenged that factual finding.

Source: [Paragraphs 9-15 / official PDF pages 14-19](#)

## 03 JUDICIAL DECISION

The Supreme Court dismissed all five appeals for want of merit, made no order as to costs and disposed of pending applications. There was no remand, fresh computation direction or allowance of any loss set-off.

Source: [Paragraphs 16-17 / official PDF page 19](#)

## 04 OUTCOME / IN WHOSE FAVOUR

In favour of State Revenue on Aspinwall's claimed set-off of the predecessor's agricultural losses. The result rests both on the unsuccessful statutory/scheme argument and the unchallenged expiry finding. It is not a ruling denying every amalgamation benefit under the Income-tax Act, 1961.

Source: [Paragraphs 13-17 / official PDF pages 18-19](#)

## 05 AKHB REVIEW POINT

AKHB analysis: prepare a loss schedule showing the originating entity, assessment year, expiry date and statutory transfer provision before treating merger losses as available. Retain the sanctioned scheme, appointed date and evidence of service on the relevant taxing authority. A broad scheme clause cannot be assumed to supply a missing tax entitlement, and an unchallenged adverse finding on loss age can independently defeat the appeal. For a central income-tax claim, examine the applicable section 72A conditions separately; this judgment supplies a comparison rather than a decision on their satisfaction.

Source: [AKHB analysis based on paragraphs 9.3 and 11-16 / official PDF pages 15-19](#)

## SOURCE & VERIFICATION

[Official Supreme Court of India signed judgment](#)

Full official 19-page common judgment, paragraphs 1-17, read. Compared with the full 15-page SCR report, including separate editorial headnotes and judicial text at SCR pages 163-174. This is an agricultural income-tax appeal with comparative Income-tax Act, 1961 relevance.

#### [Open cited source rendition](#)

The official signed judgment and SCR rendition agree on the five appeal numbers, date, bench, paragraphs 1-17 and dismissal without costs. Both downloaded PDFs match the catalogue SHA-256 values.

The case is distinct from Aspinwall's 5 September 2001 coffee-manufacture investment-allowance decision.

Paragraph 15 identifies AY 2006-07 and states only that the remaining appeals concern subsequent years; exact later years are not inferred.

### **STATUTORY SCOPE**

The operative dispute is under the Kerala Agricultural Income Tax Act, 1991. Section 72A of the Income-tax Act, 1961 is discussed by comparison, not applied to grant or deny a central income-tax claim. The judgment's quoted statutory text is not a present-law consolidation or an Income-tax Act, 2025 crosswalk.

### **LATER TREATMENT**

Source checked 2026-10-10. Comprehensive subsequent treatment has not been verified; no current citator clearance is represented.

### **IDENTIFIED SOURCE LINKS**

[SCR report of the same five-appeal judgment - PDF pages: 15](#)

SHA-256: e2feedac3bacf022913f4e0dd4fccb9285acb72f323f37954430575b1dab2396

[Related note: Dalmia Power Limited & Anr. v. Assistant Commissioner of Income Tax, Circle 1, Trichy](#)

### **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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