

Orient Crafts Limited v. Commissioner of Income Tax, New Delhi

Civil Appeal Nos. 143-144 of 2013 / Civil Appeal Nos. 139-140 of 2013 / Civil Appeal Nos. 141-142 of 2013 / Civil Appeal Nos. 137-138 of 2013

2026 INSC 1018 | 2026-09-18

Whether the High Court had properly sustained section 263 revision and considered the Tribunal's contrary view in the export-quota deduction dispute.

263

Two-judge bench | S.V.N. Bhatti, J. | N.V. Anjaria, J.

Assessment years: 2000-01, 2001-02

01 FACTS OF THE CASE

Orient Crafts manufactured and exported garments. In the AY 2001-02 example used by the Court, it included export-quota sale premium in business profits and claimed an export deduction. The Assessing Officer accepted the claim in scrutiny assessment. The Commissioner revised under section 263, treating the failure to exclude 90% of quota premium under Explanation (baa) as erroneous and prejudicial to Revenue. The Tribunal set aside revision and consequential proceedings, but the Delhi High Court reversed. The Supreme Court batch covered AYs 2000-01 and 2001-02; arguments there were confined to section 263.

Source: [official signed judgment / paragraphs 1-6 / PDF pages 1, 2, 3, 4, 5, 6](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court restated that error and prejudice must coexist; disagreement with a legally permissible view is insufficient, while an unsustainable view or absence of application of mind can attract revision. It then examined whether the High Court had actually addressed the Tribunal's reasons. It found that the High Court had considered the disputed export-incentive treatment, the Commissioner's jurisdiction and the limits of the CBDT memorandum's effect before a court. The High Court had recorded a tenable basis for upholding revision. The Supreme Court rejected the contention that those aspects had been ignored and declined a remand.

Source: [official signed judgment / paragraphs 11-15 / PDF pages 8, 9, 10, 11, 12](#)

03 JUDICIAL DECISION

The Court declined to interfere with the High Court judgment. The lead and accompanying appeals were dismissed for the same reasons, with no costs.

Source: [official signed judgment / paragraphs 15-17 / PDF pages 11, 12](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

All eight assessee appeals dismissed; no costs

Section 263 jurisdictional challenge rejected in the scope argued

The Supreme Court expressly confined the arguments to section 263. The separate Samtex judgment in the same PDF considers the quota-premium deduction contention.

Source: [official signed judgment / paragraphs 15-17 / PDF pages 11, 12](#)

05 AKHB REVIEW POINT

For a revision challenge, identify both statutory conditions and the precise inquiry or legal view taken in the original assessment. Distinguish an argument that the High Court failed to consider the Tribunal's reasons from a fresh substantive deduction claim. The case concerns the old statutory regime and does not certify present section 263 standards or revive section 80HHC deductions. Read the separate Samtex judgment only for the issues actually argued there.

Source: [official signed judgment / paragraphs 2,11-16 / PDF pages 2, 8, 9, 10, 11, 12](#)

SOURCE-RENDITION BOUNDARIES

Pdf pages: 1; 12

Printed pages: 1; 12

Paragraphs: 1-17

ASSESSMENT-YEAR DISTINCTIONS

2000-01: CA 141-142/2013; CA 137-138/2013

2001-02: CA 139-140/2013; CA 143-144/2013

SOURCE & VERIFICATION

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

Identified source rendition: 25 PDF pages; SHA-256

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This original contains two separately captioned judgments. Orient ends at physical p. 12; Samtex starts at p. 13.

High Court reasoning and party submissions summarized in earlier paragraphs are distinguished from the Supreme Court's limited examination in paragraphs 11-16.

STATUTORY SCOPE

Historical assessment-year provisions considered by the Court; no comprehensive later-law or 2025 Act correspondence check.

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

[official signed judgment - PDF pages: 25](#)

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[Related note: M/s Samtex Fashions Ltd. v. Commissioner of Income Tax, New Delhi](#)

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