

M/s Samtex Fashions Ltd. v. Commissioner of Income Tax, New Delhi

Civil Appeal No. 11063 of 2017 / Civil Appeal No. 12449 of 2017

No separate citation stated in the source | 2026-09-18

Whether the CBDT memorandum equating export-quota premium with specified export incentives required allowance under section 80HHC notwithstanding the statutory classification accepted by the High Court.

80HHC | 28(iia) | 28(iib) | 28(iic) | 119

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

Assessment years: 2000-01, 2001-02

01 FACTS OF THE CASE

The two appeals concerned AYs 2000-01 and 2001-02. The judgment used the latter year's claim involving Rs 90,43,061 from quota sales and Rs 16,72,286 interest on margin-money deposits as its factual example. The appellate authorities had allowed relief on quota premium and interest, and the Delhi High Court reversed. Before the Supreme Court, counsel confined arguments to the section 80HHC deduction for quota premium, relying on the CBDT office memorandum of 23 February 1998.

Source: [official signed judgment / paragraphs 1-9 / PDF pages 13, 14, 15, 16, 17, 18, 19](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that a departmental circular does not bind a constitutional court or override statutory meaning. Relying on Ratan Melting, it rejected the proposition that Revenue's reliance on a different legal construction in court was permanently barred by its own memorandum. The export quota granted by AEPC was not an import licence, cash assistance, duty drawback or the other specifically identified incentive. The memorandum could not create a statutory fiction equating quota-sale proceeds with those categories. The Court accepted the High Court's reasoning against the claimed incentive treatment. Its review was confined to the quota-premium argument; margin-money interest received no separate merits analysis in these appeals.

Source: [official signed judgment / paragraphs 11-19 / PDF pages 20, 21, 22, 23, 24, 25](#)

03 JUDICIAL DECISION

The Court rejected the memorandum-based deduction argument and dismissed Civil Appeal No. 11063 of 2017. Civil Appeal No. 12449 of 2017 was dismissed for the same reasons, and pending applications were disposed of.

Source: [official signed judgment / paragraphs 19-21 / PDF pages 25](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Both assessee appeals dismissed

Quota-premium section 80HHC contention decided; no separately reasoned margin-money-interest holding

This note does not treat the judgment as a general finding that quota-sale proceeds are untaxable or that all business receipts require foreign exchange. The source contains broader wording that must be read against its narrow deduction issue and internal context.

Source: [official signed judgment / paragraphs 19-21 / PDF pages 25](#)

05 AKHB REVIEW POINT

Identify the exact statutory incentive category rather than assuming commercial similarity is sufficient. A beneficial administrative direction must be evaluated with the controlling judicial interpretation and the provision it purports to apply. Keep this quota-premium decision separate from Orient's section 263 reasoning, and do not lift the lower-court discussion of margin-money interest as an independently decided Supreme Court rule.

Source: [official signed judgment / paragraphs 1,9,13-19 / PDF pages 13, 14, 19, 22, 23, 24, 25](#)

SOURCE-RENDITION BOUNDARIES

Pdf pages: 13; 25

Printed pages: 1; 13

Paragraphs: 1-21

SOURCE & VERIFICATION

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

Identified source rendition: 25 PDF pages; SHA-256
10d7ac143457ba3fb4a7cd32a3738d68712130d5baa48431a1a3323109510953. Original bytes preserved.

[Open cited source rendition](#)

The original restarts pagination at printed p. 1 on physical PDF p. 13. All links in this note use physical PDF pages.

Samtex paragraph 1 refers once to the connected Orient appeal batch as 2014; the Orient cover and other references say 2013. No separate 2014 docket is invented.

Paragraph 11 summarizes the High Court's residual section 28(iv) business-receipt classification. Paragraphs 15-16 use broader language about not being business income. This internal tension is preserved; the note states only the precise ineligibility for the claimed specified-incentive treatment.

Paragraph 9 confines argument to the Rs 90,43,061 quota-premium claim. Interest on margin money is contextual history, not a separate reasoned holding of this judgment.

No separate neutral citation is printed on the Samtex title page. The first judgment in the combined PDF bears 2026 INSC 1018; it is not silently assigned here.

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](#)

SHA-256: 10d7ac143457ba3fb4a7cd32a3738d68712130d5baa48431a1a3323109510953

[Related note: Orient Crafts Limited v. Commissioner of Income Tax, New Delhi](#)

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.