

B.R. Ltd. v. V.P. Gupta, C.I.T., Bombay

Civil Appeals Nos. 1594-1596 of 1972 — Connected special-leave appeals directly against Commissioner's revision orders of 18 January 1972 in RP/V/Nos. 374-376 of 1960 for AYs 1954-55 to 1956-57.

[1978] 3 SCR 877 | 1978-05-03

The import and export activities constituted the same business for the section 24(2) issue presented. Common control, management, organisation, administration, funds and place of business established their integration, despite differences in goods and trading procedures (SCR 884-885).

Indian Income-tax Act, 1922 | 1922 Act: 24(2), pre-1955 wording | 1922 Act: 33A

2-judge bench | Y.V. Chandrachud, C.J. | V.D. Tulzapurkar, J.

01 FACTS OF THE CASE

The company ceased importing goods near the end of calendar 1952 and began exporting cotton textiles in 1953. It sought to set off the Rs.56,488 unabsorbed loss of AY 1953-54 against profits for AYs 1954-55 to 1956-57. The Income-tax Officer, Appellate Assistant Commissioner and, on revision, Commissioner rejected the claim as involving separate businesses. The assessee appealed directly from the Commissioner's revision orders (SCR 879-880).

Source: [SCR 877-885; physical PDF pages 1-9](#)

02 DISCUSSION BY THE HON'BLE COURT

Chandrachud C.J. treated sameness as a mixed question of law and fact, distinct from mere similarity. Applying the established tests of interconnection, interdependence and unity, the Court found that the common business structure linked these activities. The Commissioner's reliance on different merchandise and import/export procedures was insufficient. Ability to continue one activity after closing another was not a decisive contrary test. The Officer's own report acknowledged common control and the same board's management. The appeals were expressly argued and decided on the pre-1955 wording, though the judgment also discussed later continuation requirements historically (SCR 881-885).

Source: [SCR 877-885; physical PDF pages 1-9](#)

03 JUDICIAL DECISION

The company's import and export operations were the same business for the claim, and it was entitled to the requested carry-forward set-off (SCR 885).

Source: [SCR 877-885; physical PDF pages 1-9](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee The Commissioner's orders were set aside. The loss of AY 1953-54 could be set off against profits for AYs 1954-55, 1955-56 and 1956-57. The appellant received one set of appeal costs; no remand was ordered (SCR 885). Substantive historical income-tax issue decided No current-law or comprehensive later-treatment certification.

Source: [SCR 877-885; physical PDF pages 1-9](#)

05 AKHB REVIEW POINT

Prove operational unity through the business's actual organisation and finance; a change in merchandise or method alone does not decide discontinuance. Preserve the Court's express basis of argument under pre-1955 section 24(2). Its historical comments on section 72 do not certify the current provision; later treatment and modern mapping remain unverified.

Source: [SCR 877-885; physical PDF pages 1-9](#)

ASSESSMENT YEARS AND LIMITS

Years: 1953-54; 1954-55; 1955-56; 1956-57

Qualification: Only years material to the issues described are listed; different claims may cover different years as stated in the facts.

REPORTED CITATION

Supplied SCR report citation; no machine-generated neutral citation substituted.

STATUTORY CONTEXT

Indian Income-tax Act, 1922, sections 6, 10(1), 24(1) and amended 24(2): context; Finance Act, 1955, section 16: amendment described; Income-tax Act, 1961, sections 14 and 72: historical comparison

SOURCE & VERIFICATION

Original reported Supreme Court judgment

Unchanged supplied SCR report; catalog identifies a CC-BY-4.0 public eSCR mirror. Not represented as a separately fetched official signed PDF. Headnote SCR 877-878; jurisdiction SCR 878; counsel and sole Chandrachud C.J. judgment begin SCR 879; reasons and disposition end SCR 885. No adjacent judgment included.

Open cited source rendition

The headnote at SCR 877 erroneously refers to section 12B(1); the issue and reasons consistently address section 24(2).

SCR 881 describes section 72 as corresponding to section 23(2) once, while the surrounding text discusses section 24(2).

The report expressly uses the pre-1955 section 24(2) basis on which the appeals were argued despite listing later assessment years; the note does not silently substitute another version.

Produce Exchange Corporation appears as 77 ITR 73 in the headnote and 77 ITR 739 in the reasons.

STATUTORY SCOPE

Indian Income-tax Act, 1922. The historical operative enactment is identified. Other enactment references are source context only unless expressly identified as operative; no 2025 mapping is asserted.

LATER TREATMENT

Source checked 2026-10-09. Subsequent appeals, review proceedings, stays, reversals and later treatment have not been comprehensively checked. This is not a citator status certificate.

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