

Commissioner of Income Tax, U.P., Lucknow v. J.K. Hosiery Factory, Kanpur

Civil Appeals Nos. 1371-1372 (NT) of 1974 — Connected Revenue appeals decided by this common judgment

[1986] 1 SCR 907 | 1986-03-19

The same firm's change from unregistered to registered status did not extinguish its right to carry forward unabsorbed depreciation. The deduction followed from section 10(2)(vi), read with sections 24(1) and 24(2), of the Indian Income-tax Act, 1922; the firm's identity continued across both years (SCR 915).

Indian Income-tax Act, 1922 | 1922 Act: 10(2)(vi) | 1922 Act: 24(1) | 1922 Act: 24(2)

2-judge bench | R.S. Pathak, J. | Sabyasachi Mukharji, J.

01 FACTS OF THE CASE

Decided 19 March 1986, Civil Appeals 1371-1372 (NT) of 1974, from Allahabad High Court's 4 August 1972 judgment in ITR 426 of 1963. Sabyasachi Mukharji J. delivered the single judgment with Pathak J. The firm sought to use Rs.43,963 of unabsorbed depreciation from assessment year 1949-50, when unregistered, in 1950-51, when registered. The surviving reference issue concerned that carry-forward entitlement (SCR 907, 909, 915).

Source: [SCR 907-915](#); [physical PDF pages 1-9](#)

02 DISCUSSION BY THE HON'BLE COURT

Registration changed the manner of assessment and introduced qualifications and burdens, but did not make the firm a different entity. Nothing in the relevant statutory scheme deprived that continuing entity of its unabsorbed depreciation. The Court considered the principle of resolving genuine statutory doubt favourably to the assessee, while stating that the instant case itself admitted no doubt. Discussion of decisions under the 1961 Act was comparative; the Court expressly identified the business-continuity issue under section 32(2) as a different aspect not before it (SCR 914-915).

Source: [SCR 907-915](#); [physical PDF pages 1-9](#)

03 JUDICIAL DECISION

The same firm's change from unregistered to registered status did not extinguish its right to carry forward unabsorbed depreciation. The deduction followed from section 10(2)(vi), read with sections 24(1) and 24(2), of the Indian Income-tax Act, 1922; the firm's identity continued across both years (SCR 915).

Source: [SCR 907-915](#); [physical PDF pages 1-9](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee The Revenue's appeals were dismissed with costs, preserving the High Court's answer in favour of the assessee. The holding does not decide every change of partnership constitution or every later statutory carry-forward restriction (SCR 915). Historical income-tax issue decided with the qualifications stated in this note No current-law or comprehensive later-treatment certification.

Source: [SCR 907-915; physical PDF pages 1-9](#)

05 AKHB REVIEW POINT

The operative enactment is the 1922 Act. References to 1961 Act sections 32(2) and 75(2) are comparative and do not replace that foundation. No current 2025 mapping or comprehensive later-treatment check is claimed. Source: supplied SCR report, [1986] 1 SCR 907-915, particularly the expressly confined reasoning at SCR 914-915. The report concerns the same continuing firm and does not establish a rule for every reconstitution or successor entity.

Source: [SCR 907-915; physical PDF pages 1-9](#)

ASSESSMENT YEARS AND LIMITS

Years: 1949-50; 1950-51

Qualification: Only the assessment years material to the issue described are listed.

REPORTED CITATION

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

SOURCE & VERIFICATION

[Original reported Supreme Court judgment](#)

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Only the surviving carry-forward issue is covered. The 1961 Act business-continuity discussion is expressly described as a different aspect.

STATUTORY SCOPE

Indian Income-tax Act, 1922. The historical operative enactment is identified. Source-discussed 1961 provisions are contextual unless expressly stated; 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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