

Brooke Bond & Company Ltd. (now Brooke Bond Leibig Limited) v. CIT, West Bengal-II, Calcutta

Civil Appeal No. 2020 (NT) of 1974 — Assessee appeal concerning AY1956-57 revision, distinct from pending AY1957-58 appeal

[1986] 3 SCR 980 | 1986-09-30

An income-tax computation head does not conclusively determine income's commercial character. Nevertheless, this assessee failed on the evidence to establish that its tea-company shares were business assets, so the business-loss set-off claim for 1956-57 failed. Its separate unabsorbed-depreciation claim required reconsideration; the Court did not allow that claim on its merits (SCR 988-992).

Indian Income-tax Act, 1922 | 1922 Act: 6 | 1922 Act: 24(2) | 1922 Act: 10(2) | 1922 Act: 33A

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

01 FACTS OF THE CASE

Pathak J., with Sabyasachi Mukharji J., delivered one judgment on 30 September 1986 in Civil Appeal 2020 (NT) of 1974, from Calcutta High Court's 14 August 1973 decision in Appeal 317 of 1970. The UK tea company sought to carry forward 1955-56 losses against 1956-57 Indian dividends through section 33A revision. An appeal for 1957-58 was separately pending (SCR 984-987).

Source: [SCR 980-992; physical PDF pages 1-13](#)

02 DISCUSSION BY THE HON'BLE COURT

Classification under section 6 of the Indian Income-tax Act, 1922 serves computation; commercially business income may be computed under another head. The return's "other sources" label was therefore not decisive. Evidence was still required that the shareholdings were incidental to the tea business or held as business assets. Merely investing in other tea companies was insufficient. Further evidence, particularly concerning the wholly owned Indian subsidiary, remained available in the separate 1957-58 appeal. A possible consequential effect on that appeal did not prevent revision of the 1956-57 depreciation issue (SCR 988-991).

Source: [SCR 980-992; physical PDF pages 1-13](#)

03 JUDICIAL DECISION

An income-tax computation head does not conclusively determine income's commercial character. Nevertheless, this assessee failed on the evidence to establish that its tea-company shares were business assets, so the business-loss set-off claim for 1956-57 failed. Its separate unabsorbed-depreciation claim required reconsideration; the Court did not allow that claim on its merits (SCR 988-992).

Source: [SCR 980-992; physical PDF pages 1-13](#)

04 OUTCOME / IN WHOSE FAVOUR

Partial assessee relief; depreciation merits open The appeal was allowed only to set aside the High Court and Commissioner's orders concerning carry-forward of unabsorbed depreciation and require fresh disposal of that claim. The Revenue remained free to contest entitlement. All other relief was refused; no costs were ordered (SCR 992). The business-loss challenge failed on the available evidence; entitlement to carry forward unabsorbed depreciation remains open on remand. No current-law or comprehensive later-treatment certification.

Source: [SCR 980-992; physical PDF pages 1-13](#)

05 AKHB REVIEW POINT

The operative provisions are from the 1922 Act: sections 6, 24(2), 10(2) and 33A. No present 1961/2025 mapping or later treatment is asserted. Source: supplied SCR report, [1986] 3 SCR 980-992. A chronology sentence says "subsequent" despite the stated March/July 1957 assessment dates. Read the computation principle alongside the failed evidential claim and limited depreciation remand; neither the merits of depreciation nor the separate 1957-58 appeal was finally determined.

Source: [SCR 980-992; physical PDF pages 1-13](#)

ASSESSMENT YEARS AND LIMITS

Years: 1955-56; 1956-57

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 & VERIFICATIONOriginal 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. Pinpoints identify the supplied reported judgment. The editorial headnote and counsel submissions are distinguished from the Court's reasons; specific source defects and issue limits are stated in the note.

Open cited source rendition

The 1957-58 appeal was separately pending and left open for further evidence. Printed wording describing the assessment as subsequent conflicts with the stated March and July 1957 dates.

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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