

The Director of Income Tax (International Taxation) v. M/s Star Cruises (India) P. Ltd.

Civil Appeal Nos. 3334-3336 of 2012

2026 INSC 771 | 2026-07-30

Cruise operations, carriage and presumptive income

44B | 195

Two-Judge Bench | S.V.N. Bhatti | N.V. Anjaria

Assessment years: 2006-07, 2007-08, 2008-09

01 FACTS OF THE CASE

Star Cruises (India) acted as the Indian agent of non-resident Superstar Libra Limited (SLL), which operated the Superstar Libra cruise. The agent conducted the cruise and collected revenue from cruise packages and shore excursions. For assessment years 2006-07, 2007-08 and 2008-09, the dispute concerned computation of SLL's income under section 44B for withholding under section 195 on remittances to SLL. The assessee claimed presumptive income of 7.5% of cruise fare receipts. [Official judgment, paras 1-4, PDF pp. 1-2](#)

The Assessing Officer regarded the Mumbai-originating round trips, with hospitality and entertainment, as outside carriage of passengers and estimated income at 25% of cruise fare. The CIT(A) allowed the assessee's appeal, and the Tribunal and Bombay High Court rejected the Revenue's appeals. The Tribunal found that one-way trips were offered, round-trip passengers could disembark at intermediate ports, booking slips primarily charged cabin and transport fares, and entertainment was incidental to ship operation. [Official judgment, paras 5-9, PDF pp. 2-4](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

02 DISCUSSION BY THE HON'BLE COURT

The Revenue submitted that a cruise's dominant activity was hospitality and excursion rather than carriage, and sought the 25% estimate. The assessee relied on the statutory conditions and concurrent factual findings, contending that ancillary services did not displace the transport activity. These positions are submissions, not independent holdings of the Court. [Official judgment, paras 12-13, PDF pp. 4-6](#)

The Hon'ble Supreme Court expressly confined its examination to application of carriage to the facts before it, without undertaking a general definition. It disapproved the Assessing Officer's restricted view requiring movement simply from place A to place B. The authorities' findings that passengers could leave at intermediate ports and that ancillary services did not take the voyage outside carriage supported section 44B treatment. On those facts, the Court found no basis to interfere with the conclusion for the stated assessment years. [Official judgment, paras 14-16, PDF pp. 6-7](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

03 JUDICIAL DECISION

The Revenue's civil appeals were dismissed. The result sustaining application of section 44B to SLL's estimated income for the three assessment years therefore remained undisturbed, together with the 7.5%-of-gross-cruise-fare computation described in the appellate findings. Pending applications were disposed of. The judgment does not determine a universal TDS rate of 7.5% on gross remittances. [Official judgment, paras 16-18, PDF pp. 6-7](#) [Official judgment, paras 7 and 8\(D\), PDF pp. 3-4](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee/respondent, Star Cruises (India), in relation to income of non-resident operator Superstar Libra Limited

Revenue appeals dismissed; section 44B presumptive-income treatment sustained on the established facts for the three assessment years.

See decision and scope limits

Source: See the proposition-specific paragraph and PDF-page links in the text.

05 AKHB REVIEW POINT

Editorial analysis: This decision supports treating a genuine passenger cruise as carriage even though the voyage returns to its starting port and includes hospitality. Its application is fact-sensitive: the actual itinerary, ability to disembark, fare documentation and ancillary character of entertainment mattered. Keep two figures conceptually separate: 7.5% was the presumptive income fraction of gross cruise fare upheld here, whereas section 195 concerns withholding on the relevant taxable income. Paragraph 4's recital of the certificate claim should not be republished as a generally applicable withholding-rate ruling. [Official judgment, para 4, PDF pp. 1-2](#) [Official judgment, para 8\(A\)-\(D\), PDF pp. 3-4](#) [Official judgment, paras 14-16, PDF pp. 6-7](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

SOURCE & VERIFICATION

[Original Hon'ble Supreme Court PDF](#)

Principal judgment; PDF p. 8 is excluded and separately reviewed: source PDF pages 1-7

[Open cited source rendition](#)

STATUTORY SCOPE

The holding concerns Income-tax Act, 1961 assessment years 2006-07 to 2008-09. This review does not verify later amendments, current eligibility, current withholding rates, or any later statutory regime for cruise operations. Those require separate date-specific checking. No automatic equivalence or carryover to the Income-tax Act, 2025 is asserted.

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 original - PDF pages: 8](#)

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[Related note: The Director of Income Tax \(IT\)-I v. Superstar Libra Limited](#)

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