

APPENDIX - ILIST OF CASES FOR REFERENCE

1. Additional Commissioner of Income-tax v. Kapila Textiles (P) Ltd. [1981] 129 I.T.R. (Karnataka High Court) — ("carry forward" of unabsorbed depreciation).
2. Bhagwan Das Jain v. Union of India [1981] 128 I.T.R. 315 (Supreme Court) — ("income" includes not merely what is received or what comes in by exploiting the use of a property but also what one saves by using it oneself).
3. The Calcutta Electric Supply Corporation Ltd. v. Commissioner of Income-tax [1951] 19 I.T.R. 406 (Cal.) — (a compulsory acquisition could not be treated as a transaction of sale and as such no "balancing charge" could be considered in the assessee's total income in such a case).
4. Calico Dyeing and Printing Works v. Commissioner of Income-tax (Bombay High Court) [1958] 34 I.T.R. 265 (Bom.) — (the purpose of the borrowing must be for the business which is carried on by the assessee in the year of account, interest is admissible u/s 36 (1) (iii) of the I.T. Act, 1961).
5. Central India Industrial Corporation Ltd. v. C.I.T. (M.P.) [1963] 43 I.T.R. 543 — (for the purpose of levying "additional income-tax" there is no real distinction between declaration and distribution of dividend).
6. Challapalli Sugars Ltd. v. Commissioner of Income-tax [1975] 98 I.T.R. 167 (S.C.) — (interest on borrowed capital is an allowable expense).
7. Combay Electric Supply Industrial Co. Ltd. v. Commissioner of Income-tax [1978] 113 I.T.R. 84 (S.C.) — (that items of "unabsorbed depreciation" and "unabsorbed development rebate" brought forward from earlier years have to be deducted before arriving at the figure from which a deduction under Chapter VIA is to be allowed).

8. C.I.T. v. Arati Devi (Cal.) [1978] 111 I.T.R. 277 — [loan deemed to be dividend u/s 2(22)(e)]
9. C.I.T. v. Asiatic Textiles Ltd. [1971] 82 I.T.R. 816 (S.C.) — (capital loss suffered, was a factor to be taken into consideration in determining whether the directors were justified or not in declaring dividend for the purpose of "additional income-tax").
10. C.I.T. v. Birla Gwalior (P) Ltd. (S.C.) [1973] 89 I.T.R. 266 — (expenditure incurred for commercial expediency is allowed).
11. C.I.T. v. Damodaran [1980] 121 I.T.R. 572 (S.C.) — (reserve for depreciation, provision for taxation and dividends are not be included in "accumulated profits" for the purpose of deemed dividend).
12. Commissioner of Income-tax v. Haraprasad & Co. (P) Ltd. [1975] 99 I.T.R. 118 (S.C.) — (loss is a negative profit. Both positive and negative profits are of a revenue character. Both must enter into computation).
13. C.I.T. v. Hindustan Antibiotics Ltd. (Bom.) [1974] 93 I.T.R. 548 — (in case of newly established industrial undertakings, year of trial run should be regarded as 'commencement').
14. C.I.T. v. Indian Aluminium Co. Ltd. (S.C.) [1977] 108 I.T.R. 367 — (if the assessee's original business remains intact and retains its original character and the assessee establishes separate independent undertakings whether of the same or different nature in respect of the same different commodity, the subsequent undertakings can not be called "Reconstruction" of the existing business).
15. C.I.T. v. Jaipuria China Clay Mines (P) Ltd. (S.C.) [1966] 59 I.T.R. 555 — (loss and unabsorbed depreciation carried forward — depreciation to be adjusted against non-business income).

16. C.I.T. v. Krishna Rao, S. (A.P.) [1970] 76 I.T.R. 664 — (expenditure incurred by a businessman in keeping himself abreast of the latest techniques of his business is not a capital expenditure but allowable as business expenditure)
17. C.I.T. v. Orient Paper Mills Ltd. (Cal.) [1974] 94 I.T.R. 75 — (meaning of "new industrial undertakings" and "splitting up" or "reconstruction" of business already in existence).
18. C.I.T. v. Patiala Flour Mills Co. (P) Ltd. (S.C.) [1978] 115 I.T.R. 640 — (profits in new industrial undertakings — quantum of deduction for the initial and subsequent assessment years, industrial undertaking (incl. cold storage) ship or hotel to be treated as the only source of income).
19. C.I.T. v. Prithvi Insurance Co. Ltd. (S.C.) [1967] 63 I.T.R. 623 — (the test whether two businesses are the same or not depends on their interconnection, inter-locking, inter-dependence and unity which are evidenced by the existence of common management, common business organisation, common administration, common fund and a common place of business).
20. C.I.T. v. Union Bank of India (Bom.) [1976] 102 I.T.R. 270 — (meaning of "plant").
21. C.I.T. v. Vadilal Lallubhai (S.C.) [1972] 86 I.T.R. 2 — (dividends u/s 2(22)(e) are not capable of being deemed to accrue from day to day).
22. Commissioner of Income-tax v. Virmani Industries (P) Ltd. [1974] 97 I.T.R. 461 (Allahabad High Court) — (there is no compulsion that the business to which the "unabsorbed depreciation" relates must itself be carried on during the relevant period).
23. C.I.T. v. Walchand & Co. (P) Ltd. (S.C.) [1967] 65 I.T.R. 381 — (reasonableness of the expenditure has to be adjusted from the point of view of the businessman and not of the revenue).

24. Davenport & Co. (P) Ltd. v. C.I.T. (S.C.) [1975] 100 I.T.R. 715 — (determination of a business — whether speculative in nature).
25. Hyderabad Construction Co. Ltd. v. Commissioner of Income-tax [1981] 129 I.T.R. 81 (A.P.) — ("unabsorbed depreciation" can be adjusted against any source of income).
26. Italindia Cotton Co. (P) Ltd. v. C.I.T. [1978] 113 I.T.R. 58 (Bom.) — (notwithstanding the fact that a change in the voting power has taken place, the assessee - company will be entitled to claim "set-off of carried forward loss" if such a change in the voting power is not with a view to avoiding or reducing liability to tax).
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27. Yesoram Industries and Cotton Mills Ltd. v. Commissioner of Wealth-tax [1966] 59 I.T.R. 767 (S.C.) — (the liability to tax for any year being imposed under the Income-tax Act, 1961, its quantification only being dependent on the Finance Act of the said year).
28. Meenakshi Mills Ltd. v. C.I.T. [1987] 31 I.T.R. 28 (S.C.) — (regarding meaning of "income").
29. Rameswarlal Sanwarnal v. C.I.T. (S.C.) [1980] 122 I.T.R. 1 — (a loan granted by a private company, i.e., "closely-held company", to the beneficial owner cannot be deemed to be dividend).
30. Sahu Rubbers Private Ltd. v. Commissioner of Income-tax [1963] 48 I.T.R. 464 (Bombay High Court) — (the business in relation to which the depreciation remains unabsorbed must itself be continued in the subsequent year in which such unabsorbed depreciation is sought to be adjusted).
31. Union of India v. Coromandal Fertilisers Ltd. and Another (S.C.) [1976] 102 I.T.R. 533 — (interpretation of the provisions of section 80-K — deduction in respect of dividends attributable to profits and gains from new industrial undertakings or ships or hotel business).

APPENDIX - II

THE EIGHTH SCHEDULE
(List of backward areas)

Name of State or Union Territories	Backward areas
1	2
Andhra Pradesh	The districts of Anantapur, Chittoor, Cuddapah, Karimnagar, Khammam, Kurnool, Mahbubnagar, Medak, Nalgonda, Nellore, Nizamabad, Ongole, Srikakulam and Warangal.
Assam	The districts of Cachar, Goalpara, Kamrup, Lakhimpur, Mikir Hills, North Cachar Hills and Nowgong.
Bihar	The districts of Aurangabad, Begusarai, Bhagalpur, Bhojpur, Darbhanga, East Champaran, Gaya, Madhubani, Monghyr, Mazaffarpur, Nalanda, Nawadah, Palamau, Purnea, Saharsa, Samastipur, Santalparaganas, Saran, Sitamarhi, Siwan, Vaishali and West Champaran.
Gujarat	The districts of Amreli, Banas Kantha Bharuch, Bhavnagar, Junagadh, Kutch, Mahesana, Panch Mahals, Sabar Kantha and Surendranagar.
Haryana	The districts of Bhiwani, Hissar, Jind and Mahendragarh.
Himachal Pradesh	The districts of Chamba, Hamirpur, Kangra, Kinnaur, Kulu, Lahul and Spiti, Simmur, Solan and Una.
Jammu and Kashmir	The districts of Anantnag, Baramulla, Doda, Jammu, Kathua, Ladakh, Puncb, Rajauri, Srinagar and Udhampur.

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1	2
Karnataka	The districts of Belgaum, Bidar, Bijapur, Dharwar, Gulbarga, Hassan, Mysore, North Kanara, Raichur, South Kanara and Tumkur.
Kerala	The districts of Alleppey, Cannanore, Malappuram, Trichur and Trivandrum.
Madhya Pradesh	The districts of Balaghat, Bastar, Betul, Bilaspur, Bhind, Chhatarpur, Chhindwara, Damoh, Datia, Dewas, Dhar, Guna, Hoshangabad, Jhabua, Khargone, Mandla, Mandasaur, Morena, Narsimhapur, Panna, Raigarh, Raipur, Raisen, Rajgarh, Rajnandgaon, Ratlam, Rewa, Sagar, Sehore, Seoni, Shajapur, Shivpuri, Sidhi, Surguja, Tikamgarh and Vidisha.
Maharashtra	The districts of Aurangabad, Bhandara, Bhir, Buldhana, Chandrapur, Dhulia and Jalgam; the district of Kolaba excluding such portion thereof as is comprised in the area designated as the site for the proposed new town of New Bombay by notification No. RPB 1171-18124 -I.W. dated the 20th March, 1971, issued under sub-section (1) of section 113 of the Maharashtra Regional and town Planning Act, 1966 (Maharashtra Act XXXVII of 1966), by the Government of Maharashtra (Urban Development, public Health and Housing Department) as amended by notification No. RPB 1173-I-RPC, dated the 16th August, 1973, issued by the Government; the districts of Nanded, Osmanabad, Parbhani, Ratnagiri and Yeotmal.
Manipur	The whole of the State.
Meghalaya	The districts of Garo Hills, Jaintia Hills and Khasi Hills.
Nagaland	The whole of the State.
Orissa	The districts of Balaspore, Bolangir, Dehkanal, Kalahandi, Keonjhar, Koraput, Mayurbhanj and Phulbani.

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1	2
Punjab	The district of Bhatinda; so much of the district of Faridkot as formed part of the district of Bhatinda on the 31st day of July, 1972; the district of Ferozepur, Gurdaspur, Hoshiarpur and Sangrur.
Rajasthan	The district of Alwar, Banswara, Barmer, Bhilwara, Churu, Dungarpur, Jhunjhunun, Jodhpur, Nagapur, Sikar, Sirohi, Tonk and Udaipur, <i>Jaisalmer, Jalor, Thalawar.</i>
Sikkim	The whole of the State.
Tamil Nadu	The districts of Dharmapuri, Kanyakumari, Madurai, North Arcot, Ramanathapuram, South Arcot, Thanjavur and Tiruchirappalli.
Tripura	The whole of the State.
Uttarpradesh	The districts of Almora, Azamgarh, Baharaich, Ballia, Banda, Bara Banki, Basti, Badaun, Bulandshahr, Chamoli, Deoria, Etah, Etawah, Faizabad, Farrukhabad, Fatehpur, Garhwal, Ghazipur, Gonda, Hamirpur, Hardoi, Jaloun, Jaunpur, Jhansi, Manipuri, Mathura, Moradabad, Pilibhit, Pitoragarh, Pratagarh, Rae Bareilly, Rampur, Shahjahanpur, Sitapur, Sultanpur, Tehri - Garhwal, Unnao and Uttarkashi.
West Bengal	The districts of Bankura, Birbhum, Burdwan, Cooh Behar, Darjeeling, Hooghly, Jalpaiguri, Malda, Midnapore, Murshidabad, Nadia, Purulia and West Dinajpur.
Andaman and Nicobar Island.	The whole of the Union Territory.
Arunachal Pradesh	The whole of the Union Territory.
Dadra and Nagar Haveli	The whole of the Union Territory.

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1	2
Goa, Daman and Diu	The whole of the Union Territory.
Lakshadweep	The whole of the Union Territory.
Mizoram	The whole of the Union Territory.
Pondicherry	The whole of the Union Territory.

(The Schedule was inserted by the Direct Taxes (Amendment) Act. 1974 with effect from 1st April 1974 and the above schedule is as per amended thereon).

APPENDIX - IIIELEVENTH SCHEDULE

(Articles or things produced-Investment Allowance not allowed)

1. Beer, wine and other alcoholic spirits.
2. Tobacco and tobacco preparations, such as, cigars and cheroots, cigarettes, biris, smoking mixtures for pipes and cigarettes, chewing tobacco and snuff.
3. Cosmetics and toilet preparations.
4. Tooth paste, dental cream, tooth powder and soap.
5. Aerated waters in the manufacture of which blended flavouring concentrates in any form are used.
6. Confectionery and chocolates.
7. Gramophones, including record players and gramophone records.
8. Broadcast television receiver sets; radios (including transistor sets); radiograms and tape recorders (including cassette recorders and tape decks).
9. Cinematograph films and projectors.
10. Photographic apparatus and goods.
11. Electric fans.
12. Domestic electrical appliances, not falling under any other item in this list. Explanation: "Domestic electrical appliances" means electrical appliances normally used in the household and similar appliances used in places, such as, hotels, restaurants, hostels, offices, educational institutions and hospitals.
13. Household furniture, utensils, crockery and cutlery not falling under any other item in this list.
14. Pressure cookers.
15. Vacuum flasks and other vacuum vessels.

16. Tableware and sanitaryware.
17. Glass and glassware.
18. Chinaware and porcelainware.
19. Mosaic tiles and glazed tiles.
20. Organic surface active agents; surface active preparations and washing preparations whether or not containing soap.
21. Synthetic detergents.
22. Office machines and apparatus such as typewriters, calculating machines, cash registering machines, cheque writing machines, intercom machines and teleprinters.

Explanation : The expression "Office machines and apparatus" includes all machines and apparatus used in offices, shops, factories, workshops, educational institutions, railway stations, hotels and restaurants for doing office work, for data processing and for transmission and reception of messages.

23. Steel furniture, whether made partly or wholly of steel.
24. Safes, strong boxes, cash and deed boxes and strong room doors.
25. Latex foam sponge and polyurethane foam.
26. Pigments, colours, paints, enamels, varnishes, blacks and cellulose lacquers.
27. Crown corks, or other fittings of cork, rubber, polyethylene or any other material.
28. Pilfer-proof caps for packaging or other fittings of cork, rubber, polyethylene or any other material.
29. Amplifiers or any other apparatus used for addressing the public.

There may be a case where some machinery or plant otherwise qualified for the grant of investment allowance is used also for the purposes of business of construction, manufacture or pro-

duction, of any article or thing specified in the Eleventh Schedule. But the deduction for investment allowance shall not be denied in respect of such machinery or plant merely on this ground. If it is used mainly for the purposes of business of construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule, it will still be entitled to the said deduction.

By the Finance Act of 1981, item 8 and items 11 to 21 (both inclusive) and items 26 and 29 have been deleted from the Eleventh Schedule with effect from April 1, 1982.