



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.874 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.30318 OF 2019  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

P.A.JOSE  
AGED 71 YEARS, PAYYAPPALLIL HOUSE, PUTHANANGADI,  
THIRUVATHUKKAL, KOTTAYAM, PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI,  
PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE - 1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686002



2024:KER:64024

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.875/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.875 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.17949 OF 2020  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

JOSCO JEWELLERS PVT. LTD,  
ROOM NO.13, REJIV GANDHI SHOPPING COMPLEX, KOTTAYAM,  
REPRESENTED BY ITS MANAGING DIRECTOR SRI.P.A JOSE.,  
PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
PUBLIC LIBRARY BUILDING, SHASTRI ROAD, KOTTAYAM,  
PIN - 686001



2024:KER:64024

4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE AND TPS, INCOME TAX OFFICE, OFFICE OF THE ASSISTANT  
COMMISSIONER, PUBLIC LIBRARY BUILDING, SHASTRI ROAD,  
KOTTAYAM, PIN - 686001

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.877 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.29846 OF 2021  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

P.A.JOSE,  
AGED 74 YEARS, PAYYAPPALLIL HOUSE, PUTHANANGADI,  
THIRUVATHUKKAL, KOTTAYAM, PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE -1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



2024:KER:64024

5            ADDITIONAL/JOINT/DEPUTY/ASSISTANT COMMISSIONER OF  
              INCOME TAX, NATIONAL FACELESS ASSESSMENT CENTRE,  
              DELHI, PIN - 110001

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.878 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.30448 OF 2021  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

P.P.ALPHONSA,  
AGED 63 YEARS, PAYYAPPALLIL HOUSE, PUTHANANGADI,  
THIRUVATHUKKAL, KOTTAYAM, PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASSISTANT COMMISSIONER OF INCOME TAX,  
CIRCLE-1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



2024:KER:64024

5           **ADDITIONAL/JOINT/DEPUTY/ASSISTANT,  
COMMISSIONER OF INCOME TAX,  
NATIONAL FACELESS ASSESSMENT CENTRE, DELHI, PIN - 110001**

**BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT**

**THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:**





2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.879 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.17972 OF 2020  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

P.A.JOSE,  
AGED 72 YEARS, PAYYAPPALLIL HOUSE, PUTHANANGADI,  
THIRUVATHUKKAL, KOTTAYAM, PIN - 686001.

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI 110 001,  
REPRESENTED BY ITS CHAIRMAN., PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001



2024:KER:64024

4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE AND TPS, INCOME TA OFFICE, OFFICE OF THE ASSISTANT  
COMMISSIONER, PUBLIC LIBRARY BUILDING, SHASTRI ROAD,  
KOTTAYAM 686 001., PIN - 686001

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.880 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.28444 OF 2021  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

M/S JOSCO BULLION TRADERS PVT LTD,  
CENTRAL JUNCTION, BUILDING NO.XII/757 K.K ROAD,  
KOTTAYAM 686 001, REPRESENTED ITS MANAGING DIRECTOR.  
MR. P.A JOSE., PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI,  
PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASSISTANT COMMISSIONER OF INCOME TAX,  
CIRCLE-1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



2024:KER:64024

5           **ADDITIONAL/JOINT/ASSISTANT COMMISSIONER OF INCOME TAX,  
NATIONAL FACELESS ASSESSMENT CENTRE DELHI 110 001.,  
PIN - 110001**

**BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT**

**THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 12.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:**



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.881 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.1529 OF 2024  
OF HIGH COURT OF KERALA

APPELLANT (S) /PETITIONER:

M/S JOSCO BULLION TRADERS PVT LTD,  
CENTRAL JUNCTION, BUILDING NO.XII/759, K.K.ROAD,  
KOTTAYAM, REPRESENTED BY ITS MANAGING DIRECTOR  
MR.P.A.JOSE., PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD

RESPONDENT (S) /RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
BAKER HILL, KOTTAYAM, PIN - 686002
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE & TPS, INCOME TAX OFFICE, OFFICE OF THE ASSISTANT  
COMMISSIONER, PUBLIC LIBRARY BUILDING SHASTRI ROAD,  
KOTTAYAM, PIN - 686001



2024:KER:64024

5 ASSESSMENT UNIT/VERIFICATION UNIT/TECHNICAL UNIT/REVIEW  
UNIT, INCOME TAX DEPARTMENT, NATIONAL FACELESS ASSESSMENT  
CENTRE, NEW DELHI, PIN - 110001

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.882 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.30340 OF 2019  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

M/S JOSCO JEWELLERS PVT.LTD,  
ROOM NO.13, RAJIV GANDHI SHOPPING COMPLEX, KOTTAYAM,  
REPRESENTED BY ITS MANAGING DIRECTOR, SRI.P.A.JOSE.,  
PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001



2024:KER:64024

4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE-1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686002

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:





2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.884 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P.(C).NO.32237 OF 2019  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

JOSGOLD  
BUILDING NO.IX/891, KALARIKKAL BAZAR, CENTRAL JUNCTION,  
KOTTAYAM-686001 REPRESENTED BY ITS MANAGING PARTNER  
MR.BABU M PHILIP, PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE-1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



2024:KER:64024

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.886 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.17828 OF 2020  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

P.P.ALPHONSA,  
AGED 62 YEARS  
PAYYAPPALLIL HOUSE, PUTHANANGADI, THIURVATHUKKAL,  
KOTTAYAM, PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE AND TPS, INCOME TAX OFFICE, OFFICE OF THE  
ASSISTANT COMMISSIONER, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



2024:KER:64024

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.887 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.30373 OF 2019  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

M/S JOSCO BULLION TRADERS PVT.LTD.  
CENTRAL JUNCTION, BUILDING NO.XII/759, K.K. ROAD,  
KOTTAYAM-686 001 REPRESENTED BY ITS MANAGING DIRECTOR,  
MR.P.A.JOSE., PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX  
CIRCLE-1, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686002



2024:KER:64024

BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



2024:KER:64024

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.888 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.30354 OF 2019  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

M/S JOSCO GOLD CORPORATION PRIVATE LIMITED  
JOSCO COMPLEX, NAGAMPADAM, KOTTAYAM, REPRESENTED BY  
ITS GENERAL MANAGER MR.SABU THOMAS., PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD  
BY ADV.SRI.R.ARUN

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE-I, INCOME TAX OFFICE, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



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BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:





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IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE DR. JUSTICE A.K.JAYASANKARAN NAMBIAR

&

THE HONOURABLE MR. JUSTICE SYAM KUMAR V.M.

THURSDAY, THE 22<sup>ND</sup> DAY OF AUGUST 2024/31ST SRAVANA, 1946

W.A.NO.889 OF 2024

AGAINST THE JUDGMENT DATED 20.05.2024 IN W.P(C).NO.17964 OF 2020  
OF HIGH COURT OF KERALA

APPELLANT(S)/PETITIONER:

JOSCO BULLION TRADERS PVT. LTD.,  
CENTRAL JUNCTION, BUILDING NO.XII/759, K.K. ROAD,  
KOTTAYAM - 686001, REPRESENTED BY ITS MANAGING DIRECTOR,  
MR. P.A JOSE., PIN - 686001

BY ADV.SRI.AJAY VOHRA (SR.)  
BY ADV.SRI.A.KUMAR (SR.)  
BY ADV.SMT.G.MINI(1748)  
BY ADV.SRI.P.J.ANILKUMAR  
BY ADV.SRI.P.S.SREE PRASAD

RESPONDENT(S)/RESPONDENTS:

- 1 UNION OF INDIA,  
THROUGH THE SECRETARY, DEPARTMENT OF REVENUE,  
MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK,  
NEW DELHI, PIN - 110001
- 2 THE CENTRAL BOARD OF DIRECT TAXES,  
DEPARTMENT OF REVENUE, MINISTRY OF FINANCE,  
GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI, PIN - 110001
- 3 THE COMMISSIONER OF INCOME TAX,  
KOTTAYAM, PIN - 686001
- 4 THE ASST. COMMISSIONER OF INCOME TAX,  
CIRCLE AND TPS, INCOME TAX OFFICE, OFFICE OF THE  
ASSISTANT COMMISSIONER, PUBLIC LIBRARY BUILDING,  
SHASTRI ROAD, KOTTAYAM, PIN - 686001



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BY SRI.T.C.KRISHNA, SENIOR PANEL COUNSEL (IN CHARGE OF DSG)  
BY SRI.JOSE JOSEPH, SC, INCOME TAX DEPARTMENT

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 13.08.2024,  
ALONG WITH W.A.NO.874/2024 AND CONNECTED CASES, THE COURT ON  
22.08.2024 DELIVERED THE FOLLOWING:



“C.R.”

## J U D G M E N T

**Dr. A.K. Jayasankaran Nambiar, J.**

These writ appeals arise from the common judgment dated 20.05.2024 of a learned Single Judge in W.P.(C).Nos.30318/2019, 1529/2024, 17949/2020, 17828/2020, 17964/2020, 17972/2020, 28444/2021, 29846/2021, 30448/2021, 30354/2019, 30340/2019, 30373/2019 and 32237/2019. The writ petitioners in the aforesaid writ petitions are the appellants before us.

2. The challenge in the writ petitions was to para 16 of Income Computation and Disclosure Standards [ICDS] II and the Notification 87/2016 dated 29.09.2016 to the extent they prescribed that the cost of inventories shall be computed by using the First In First Out (FIFO) or Weighted Average Cost method, to the exclusion of other methods relating to valuation of inventory, such as the Last In First Out (LIFO) method, while computing income under the head of Profits and Gains of Business or Profession under the Income Tax Act, 1961 [hereinafter referred to as the “I.T. Act”]. It was contended that the said paragraph of ICDS II and the Notification dated 29.09.2016, to the extent impugned, were violative of Articles 14, 19 (1)(g) and 265 of the Constitution of India and hence unconstitutional and legally unenforceable. There was also a prayer to declare as unconstitutional Section 145A of the IT Act, as introduced by the



Finance Act, 2018 w.r.e.f. 01.04.2017.

3. The facts necessary for a disposal of these appeals have already been narrated in the impugned judgment of the learned Single Judge and hence do not require to be repeated in this judgment. Essentially the grievance of the petitioners was with regard to the effect of the amendment in the IT Act, that introduced a new Section 145A therein that was markedly different from the earlier provision that existed upto 31.03.2018. Read along with the ICDS II that was notified in 2016, and the terms of the Notification dated 29.09.2016, the appellant assesseees, who are assessed to Income tax under the head of Profits and Gains of Business and Profession were obliged by the provisions of the newly introduced Section 145A to compute their cost of inventories using the FIFO or Weighted Average Cost method. This required them to change their past practice of computing their cost of inventories using the LIFO method and switch over to the new scheme with effect from 01.04.2017. The appellants therefore contended, *inter alia*, that (i) restricting the method of computation of cost of inventory to FIFO or Weighted Average Cost method, to the exclusion of LIFO, was tantamount to disregarding the well settled principle in accountancy that the cost of inventory could be computed in accordance with any of the established methods of accounting of which LIFO was one (ii) that there was no rationale whatsoever for stipulating FIFO and Weighted Average Cost as the only methods by which a realistic value of the cost of inventory could be computed (iii) there was no basis for bringing about a classification between two sets of assesseees viz. those who followed the LIFO method and those who followed the



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FIFO/Weighted Average Cost method, especially when all the said methods had been recognised as acceptable for determining the cost of inventories under the Accounting Standards as well as under the IT Act till 2018 and (iv) the retrospective effect given to Section 145A, that was introduced by the Finance Act, 2018, with effect from 01.04.2017 was bad since it would result in an application of two different yardsticks for valuing the opening stock and closing stock for the financial year in question and entail the creation of a notional income.

4. The learned Single Judge who considered the matter rejected the contention of the appellants regarding the constitutional validity of Section 145A of the IT Act, para 16 of ICDS II and the Notification dated 29.09.2016. However, he found force in the contention of the appellants as regards retrospective operation of Section 145A and held that the stipulation under Clause 16 of ICDS II for adoption of FIFO and the Weighted Average Cost for valuation of stock/inventory cannot be applied for the assessment year 2017-18 for the valuation of the opening stock, as the opening and closing stock of the year is to be valued by applying the same methodology.

5. In the appeals before us, the contentions of the learned Senior Counsel Sri.Ajay Vohra and Sri.A.Kumar, assisted by Smt. G.Mini, for the appellants, briefly stated are as follows:

- The valuation of closing stock is an integral aspect of a method of accounting, and so long as the LIFO method of valuation of closing stock is



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recognised by the prevailing accounting standards, an assessee has to be permitted to follow it. The provisions of Section 145A, read with Notification dated 29.09.2016 notifying the ICDS, if given effect to, would nullify the judgments of the Supreme Court and the High Courts and hence ought to be struck down as unconstitutional. Reliance is placed on the decisions in **Investment Ltd. v. Commissioner of Income-Tax, Calcutta - [(1970) 77 ITR 533 (SC)]; Vazir Sultan Tobacco Co. Ltd., Hyderabad v. Commissioner of Income Tax, Andhra Pradesh, Hyderabad - [(1981) 4 SCC 435]**.

- Stock valuation is not a source of profit and the method of valuation of stock by taking the lower of cost or realisable value is followed as a conservative practice taking note of anticipated losses and ignoring anticipated gains. There was therefore no rationale for deviating from the existing practice of stock valuation with effect from 01.04.2018. Reliance is placed on the decisions in **Chainrup Sampatram v. Commissioner of Income-Tax, West Bengal - [(1953) 24 ITR 481]; Ramswarup Bengalimal v. Commissioner of Income-Tax, U.P. & V.P., Lucknow - [(1954) 25 ITR 17 (All)]; A.L.A. Firm v. Commissioner of Income Tax, Madras - [(1991) 2 SCC 558]**.

- There is no basis or rationale demonstrated to show that only FIFO and Weighted Average Cost, to the exclusion of other recognised methods of stock valuation, including LIFO, can reflect the correct picture of the accounts of the appellant assesseees. The exclusionary classification is



devoid of any intelligible differentia and hence ought to be struck down as arbitrary and violative of the fundamental rights of the appellant under Article 14 of the Constitution.

- The exclusion of LIFO as a recognised method of stock valuation offends the principle of consistency that lies at the core of the ICDS. It also compels the appellants to act contrary to Section 145 of the IT Act which mandates that the income of an assessee has to be determined by a method of accounting (including valuation of closing stock) consistently and regularly followed.
- The exclusion of LIFO is vitiated by manifest arbitrariness since the exclusion is not based on any adequate determining principle or on any rationale. Manifest arbitrariness being a valid ground for invalidating legislation as well as subordinate legislation, Section 145A as well as the impugned Notification ought to be declared unconstitutional.
- The implementation of Clause 16 of ICDS II would lead to tax discrimination in that the appellants who have been following the LIFO method of stock valuation will suffer a tax liability consequent to the change over to the FIFO or Weighted Average Cost method whereas those who have been following the latter methods will not. While the mandatory imposition of FIFO and Weighted Average Cost methods would bring to tax notional/hypothetical income in the hands of the appellants, it would also lead to an arbitrary classification causing unreasonable discrimination to



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the appellants and create disharmony amongst assesseees. Reliance is placed on **Godhra Electricity Co. Ltd., Ahmedabad v. Commissioner of Income Tax, Gujarat-II, Ahmedabad - [(1997) 4 SCC 530]; Commissioner of Income-Tax, Bombay City I v. Messrs. Shoorji Vallabhdas and Co. - [(1962) 46 ITR 144 (SC)]; Commissioner of Income Tax, West Bengal II v. Birla Gwalior (P) Ltd. - [(1974) 3 SCC 196]; Poona Electric Supply Co. Ltd. v. Commissioner of Income-Tax, Bombay City I - [(1965) 57 ITR 521]; R.B. Jodha Mal Kuthiala v. Commissioner of Income Tax, Punjab, Jammu & Kashmir, Himachal Pradesh & Patiala - [(1971) 3 SCC 369]; State Bank of Travancore v. Commissioner of Income Tax, Kerala - [(1986) 2 SCC 11].**

6. Per Contra, the submission of Sri. Jose Joseph, the learned Standing Counsel for the Income Tax Department, briefly stated is as follows:

- While it may be a fact that prior to the introduction of the new Section 145A of the IT Act with effect from 01.04.2017, the appellants had the freedom to value their stock in accordance with any of the recognised methods of valuation prescribed by the Accounting Standards in vogue, this freedom was curtailed in relation to a specific category of assesseees viz. those whose income fell for assessment under the heads of Profits and Gains of Business or Profession or Interest Income, who were then statutorily obliged to value their stock only in accordance with the methods newly prescribed by the amended provisions. Even a consistent practice in





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relation to method of accounting can be interdicted by legislative intervention and hence the appellants cannot be heard to contend that any vested right of theirs has been taken away by the amended provisions of Section 145A of the IT Act. Reliance is placed on **Chainrup Sampatram v. Commissioner of Income Tax, West Bengal - [(1953) 24 ITR 481 (SC)]; Commissioner of Income Tax, Delhi v. Woodward Governor India Private Limited - [(2009) 312 ITR 254 (SC)]**.

- Neither the provisions of Section 145A of the IT Act nor the provisions of the ICDS II brings about any classification between two sets of assesseees, as alleged by the appellants. The provisions of Section 145A only prescribe the manner in which the valuation of stock should be done in the case of a particular category of assesseees for the purposes of assessment of Income under the IT Act. The argument that by insisting on a particular method of accounting, the income of the appellants would stand inflated for the purposes of assessment is wholly untenable since it is settled law that stock valuation can never be taken as a source of profit.

- The decision of the Delhi High Court in **The Chamber of Tax Consultants & Anr. v. UOI & Ors - [(2018) 400 ITR 178 (Del)]** relied upon by the appellants is wholly irrelevant since the amendment to Section 145A of the IT Act was with a view to remove the defects pointed out by the said judgment that was rendered in the context of the unamended provisions of Section 145A.



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7. We have gone through the pleadings in these appeals, considered the submissions of counsel on either side, analysed the statutory provisions and perused the judgments cited across the bar. On an overall consideration of the matter, we are of the opinion that, for the reasons that are to follow, these appeals must fail.

8. Considerable emphasis has been placed by the appellants on the judgment of the Delhi High Court in **The Chamber of Tax Consultants & Anr. v. Union of India & Ors. - [(2018) 400 ITR 178 (Del)]** to point out that the court in that case had re-iterated that accounting standards consistently followed by an assessee for many years has to be given due weightage while computing the income of an assessee for the purposes of completing assessments under the IT Act; that the court had in that case struck down the notification dated 29.09.2016 after holding that Section 145(2) of the IT Act had to be read down to restrict the power of the Central Government to notify ICDS that do not seek to override binding judicial precedents or provisions of the Act. We have gone through the said decision and find that it was rendered in the context of the unamended Section 145A of the IT Act that enabled an assessee to value his inventory of goods in accordance with the method of accounting regularly employed by him. However, Section 145A of the Act was since amended by Finance Act 2018, w.r.e.f 01.04.2017 to bring in new provisions that effectively cured the defect pointed out by the Delhi High Court in **The Chamber of Tax Consultants (supra)**. The new provisions of Section 145A having specifically provided for the computation of income chargeable under the head "Profits and gains of Business or Profession" as per the



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ICDS, there is now a specific statutory provision that mandates the manner in which the income has to be computed for the purposes of the IT Act, and the accounting methodology that must inform such computation. The findings of the Delhi High Court in **The Chamber of Tax Consultants (supra)** cannot, therefore, be of any assistance to the case of the appellants in these appeals. This is more so because, as is trite, even a consistent practice in relation to methods of accounting can be interdicted by legislative intervention. In the instant case, that legislative intervention came in through the Finance Act, 2018, and the appellants need to remind themselves of the observation of Lord Russel in **B.S.C. Footwear Ltd. v. Ridgway (Inspector of Taxes) - [(1970) 77 ITR 856 (CA)]**, that “the Income Tax law does not march step by step in the footprints of the accountancy profession”.

9. We may next consider the argument of the appellants that there is no basis or rationale demonstrated to show that only FIFO and Weighted Average Cost, to the exclusion of other recognised methods of stock valuation, including LIFO, can reflect the correct picture of the accounts of the appellant assessee, and that the exclusionary classification is devoid of any intelligible differentia and hence ought to be struck down as arbitrary and violative of the fundamental rights of the appellant under Article 14 of the Constitution.

10. It is not in dispute that FIFO, LIFO and Weighted Average Cost are methods recognised by the Accounting Standards for the purposes of Inventory/Stock valuation. As per those standards inventories are valued



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at the lower of cost or net realisable value, the latter term being a reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The principle behind valuing stock at the lower of cost or realisable value is that no prudent trader would care to show increased profit before its actual realisation and hence, while anticipated loss is taken into account, anticipated profit in the shape of appreciated value of closing stock is not brought into the account **[Chainrup Sampatram v. Commissioner of Income-Tax, West Bengal - [1953 (24) ITR 481 (SC)]**. The adoption of any particular method of stock valuation is towards ensuring that it reflects the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition. The assumption underlying the FIFO method is that the oldest stock is used or issued first or that sales are made in the order in which the goods are purchased or produced. If there are several lots of goods at different prices, they are regarded as being exhausted in the order of purchase. On a rising market this would write off the lower priced lots first, and on a falling market the higher priced lots would go first. The LIFO method, on the other hand, assumes that the items of stock purchased last are the first to be issued or sold and thus the stock remaining is valued at the cost of the earlier purchases. Under the Weighted Average Cost method, the cost of each item is determined from the weighted average cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The average is calculated on a periodic basis or as each additional shipment is received, depending upon the circumstances. At any rate, whatever be the method of valuation



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adopted, it is a misconception to think that any profit arises out of the valuation of closing stock. As noticed in **Chainrup Sampatram (supra)**, the valuation of unsold stock at the close of an accounting period is a necessary part of the process of determining the trading results of that period, and cannot be regarded as the 'source' of such profits. Thus, the issue canvassed in these appeals in the context of Article 14 of the Constitution, essentially boils down to whether the appellants herein can be said to be legally prejudiced, either on account of a law that is manifestly arbitrary or on account of any discrimination meted out to them through a validly enacted law.

11. The term manifest arbitrariness, in the context of plenary or subordinate legislation, refers to something done by the legislature capriciously, irrationally and/or without adequate determining principle. It also takes in situations where something is done which is excessive and disproportionate [**Shayara Bano v. Union of India and Others - [(2017) 9 SCC 1]; Joseph Shine v. Union of India - [(2019) 3 SCC 39]**]. Can the amendment to Section 145A of the IT Act, read with the prescriptions under ICDS II, be seen as manifestly arbitrary in the light of the principles enumerated above ? We think not. The ICDS II was issued with the objective of providing for a uniform method of inventory/stock valuation for assesseees whose income was computed under the head "profits and gains of business or profession", and Section 145A was amended so as to remove the basis of the judgment of the Delhi High Court in **The Chamber of Tax Consultants (supra)**. There was, therefore, a determining principle that informed both the statutory amendment and the ICDS II. It is also



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significant that the ICDS is applicable only for computation of income chargeable under the specified heads of income and not for the purpose of maintenance of books of accounts. Thus, while the assesseees have the freedom to maintain their books of accounts using any of the methods recognised by the accounting standards, Section 145A only mandates that they shall follow the specified methods of inventory/stock valuation while computing their income under the head "Profits and gains of business or profession".

12. On the aspect of discrimination, it is trite that there is no infringement of the equal protection rule if the law deals alike with all of a certain class, as the legislature has the right of classifying persons and placing those whose conditions are substantially similar under the same rule of law, while applying different rules to persons differently situated. It is only if the classification is unreasonable and bears no rational relation to the object sought to be achieved by the legislative measure that it will be struck down as discriminatory and unconstitutional [**Kerala Hotel & Restaurant Association & Others v. State of Kerala & Others - [(1990) 2 SCC 502]; Tata Motors Ltd. v. State of Maharashtra & Others - [(2004) 5 SCC 783]; Pattali Makkal Katchi v. A. Mayilerumperumal & Ors. - [(2023) 7 SCC 481]**]. On the facts of the instant appeals, since the prescription in ICDS II, with regard to the method of valuation of inventory/stock, is applicable to all assesseees whose income is chargeable to tax under the head "Profits and gains of business or profession", we do not find any unreasonable classification as having been effected among persons who are similarly situated. Further, the



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prescription under the ICDS II being one that is directed towards achieving the object of uniformity and consistency in the computation of income of assesseees falling under the specified categories, we fail to see how the same would offend the equality clause under the Constitution. As a matter of fact, we also fail to see what pre-existing right of the appellants has been taken away by the prescription imposed through the amended Section 145A of the IT Act read with ICDS notified under Section 145 (2) of the Act ? Surely, the appellants cannot be heard to contend that they have a right, fundamental or otherwise, to follow a particular method of inventory/stock valuation that would prevail over a contrary statutory prescription under the IT Act. At best, the appellants could have contended that for the period upto 01.04.2018, they had already valued their stock/inventory in accordance with the LIFO method and their vested right to do so in accordance with the law as it stood then could not be retrospectively taken away. We find, however, that this contention of the appellants was accepted by the learned Single Judge who declared the retrospective operation of the provisions w.e.f. 01.04.2017 to be bad in law, and the revenue has not chosen to impugn the said finding of the Single Judge in any appeal preferred by it before us.

Before parting with these appeals, we might also add that it is a settled position of law that courts must adopt a less stringent form of judicial review while adjudicating challenges to legislation and executive action which relate to economic policy as compared to laws relating to civil rights such as freedom of speech or the freedom of religion. This is because our jurisprudence has always recognised the need to give the legislature a



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free play in the joints to experiment with economic policy. On the facts presented in these appeals, we find that the decision to amend Section 145A of the IT Act and make the ICDS II applicable to a certain category of assessee while computing their income for the purposes of the IT Act, was taken by the legislature after considering the opinions and recommendations of expert financial bodies. We therefore do not think it necessary to interfere with the findings of the learned Single Judge in the judgment impugned in these appeals. Thus, for the reasons mentioned in the impugned judgment, as supplemented by the reasons contained in this judgment, we dismiss these Writ Appeals, but without any order as to costs.

**Sd/-**  
**DR. A.K.JAYASANKARAN NAMBIAR**  
**JUDGE**

**Sd/-**  
**SYAM KUMAR V.M.**  
**JUDGE**

**prp/**