

Supreme Court of India

Income Tax Officer And Ors. vs Sriram Bearings Ltd. And Ors. on 26 September, 1996

Equivalent citations: 1997 224 ITR 724 SC, (1997) 10 SCC 332

Bench: B J Reddy, S C Sen

ORDER Civil Appeal No. 2350 of 1986 :

1. We have heard counsel for the appellant and respondent.
2. We are not prepared to agree that the High Court has not correctly understood the purport of the agreement between the respondent and Nippon Seike Kabushiki Kaisha (N.S.K.). The agreement is in two parts. It is true that the two parts are interdependent but yet the consideration for the sale of trade secrets and consideration of technical assistance is separately provided for and mentioned under separate sections. So far as the consideration for the technical assistance is concerned, its taxability is not in doubt. The only controversy is with respect to the taxability of 1,65,000 U.S. dollars which is stipulated as the consideration for sale of trade secrets. The agreement specifically says that the said sale is effected in Japan. We are unable to see on what basis it can be said that any part of the said amount has been earned in India.
3. The appeal is dismissed. No costs.

Civil Appeal No. 6943 of 1995 :

4. For the reasons given in Civil Appeal No. 2350 of 1986, this appeal is also dismissed. No costs.