(1997) 01 MAD CK 0054

In the Madras High Court

Case No : Tax Cases No''s. 419, 420, 421, 422, 423 and 424 of 1984 (References No''s. 368 to 373 of 1984) & Tax Cases No''s. 419, 420, 421, 422, 423, and 424 of 1984 (References No''s. 368 to 373 of 1984)

Amalgamations Ltd. APPELLANT

Vs

Commissioner of Income Tax RESPONDENT

Date of Decision : 27-01-1997

Acts Referred:
Income Tax Act, 1961 — Section 37(1)

Citation : (1999) 235 ITR 247

Hon'ble Judges : N.V. Balasubramanian, J;Abdul Hadi, J

Bench : Division Bench

Advocate : P.P.S. Janarthana Raja, for the Appellant; S.V. Subramanian, for C.V. Rajan, for the Respondent

Judgement

N.V. Balasubramanian, J.—At the instance of the assessee, the Appellate Tribunal has referred the following common questions of law for

the opinion of this court u/s 256(1) of the Income Tax Act, 1961 :

1. Whether, on the facts and in the circumstances of the case, the Tribunal was right in holding that the remuneration paid to W. A. Watts E.O.,

Austin and others is not allowable as a business expenditure ?

2. Whether the Tribunal was right in holding that the pension paid to Mrs. Valli Anantharamakrishnan is not an allowable deduction ?

2. The assessment years involved in these tax cases are 1963-64 to 1968-69. In so far as the first question is concerned, the Appellate Tribunal

has followed the decision of this High Court in the assessee''s own case reported in Commissioner of Income Tax Vs. Amalgamations (P.) Ltd.,

and has held that the special remuneration paid to W. A. Watts, E.O., Austin and others was not allowable as a deduction.

3. Mr. P. P. S. Janarthana Raja, learned counsel for the assessee, has fairly conceded that the decision of this court in Commissioner of Income

Tax Vs. Amalgamations (P.) Ltd., would fully govern and apply to the facts of this case. Following the decision of this court reported in

Commissioner of Income Tax Vs. Amalgamations (P.) Ltd., , we answer the first question referred to us in the affirmative and against the

assessees.

4. In so far as the second question of law is concerned the issue relates to the deduction of the pension paid to one Mrs. Valli

Anantharamakrishnan as a business expenditure. Mr. P. P. S. Janarthana Raja, submitted that this court in the assessee''s own case in the earlier

year has considered the issue of deductibility of the allowance paid to Mrs. Valli Anantharamakrishnan and held that the pension paid was not an

allowable deduction as a business expenditure on the ground that the pension was paid as a mark of respect to its departed chairman and not on

commercial considerations. The above view was followed by another decision in Commissioner of Income Tax Vs. Amalgamations Ltd., .

Following the said decisions of this court, we answer the second question also in the affirmative and against the assessee.

5. Accordingly, we answer both the questions of law referred to us in the affirmative and against the assessee.

