(1989) 02 AP CK 0031

In the Andhra Pradesh High Court

Case No : Tax Revision Case No''s. 238, 240 and 242 of 1985

Andhra Pradesh Paper Mills Ltd. APPELLANT

Vs

State of Andhra Pradesh RESPONDENT

Date of Decision : 07-02-1989

Acts Referred:

Citation : (1999) 112 STC 555

Hon'ble Judges : V. Neeladri Rao, J;B.P. Jeevan Reddy, J

Bench : Division Bench

Judgement

B.P. Jeevan Reddy, J.—In these T. R. Cs. two questions are urged by Shri P. Venkatrama Reddy, learned counsel for the petitioner-assessee. The first one relates to bill discounting charges. What happens is this : The agreement between the parties contemplates payment of consideration after a period of 45 days or 60 days, as the case may be. The parties also contemplate raising a hundi and collecting it through their bankers. The bank charges certain amount towards the services rendered by it in that connection which are called as "bill discounting charges". The question is whether these bill discounting charges must he included in the turnover of the assessee-vendor or not. It would be evident that these are not post-sale charges. The agreement itself contemplates paying the consideration after a certain interval and through the specified method which necessarily involves paying certain amount to the bank towards the services rendered by it. These charges are also included in the bill. In short, these charges are paid and collected as part of the sale transaction and as part of sale consideration. It is inseparable from the sale transaction. We may also mention in this behalf that it was never the case of the assessee that there was a distinct and separate agreement in respect of these charges as separate and distinct from the sale agreement. Once this is so, there is no principle upon which these charges can be said to be outside the purview of the turnover. We, therefore, agree with the Tribunal that the bill discounting charges are includible in the turnover of the assessee. The same is the position with respect to hundi stamps.

2. The second question relates to bank charges. The Tribunal''s finding is that these charges are collected uniformly by the assessee-dealer in respect of goods sold by it for the purpose of effecting delivery of the goods. It is also found that unless the purchaser paid the bank charges, the assessee would not have parted with the goods. It is evident that the principle referred to in the preceding para equally applies to these charges.

3. The tax revision cases accordingly fail and are dismissed.

4. No costs. Government Pleader''s fee Rs. 150 in each.

5. Petition dismissed.