(1996) 06 MAD CK 0015

In the Madras High Court

Case No : Tax Cases No''s. 205 and 206 of 1984 (References No''s. 154 and 155 of 1984)

Commissioner of Income Tax APPELLANT

Vs

Amalgamations Ltd. (No. 1) RESPONDENT

Date of Decision : 26-06-1996

Acts Referred:
Income Tax Act, 1961 — Section 28

Citation : (2000) 245 ITR 808

Hon'ble Judges : N.V. Balasubramanian, J;K.A. Thanikkachalam, J

Bench : Division Bench

Advocate : Deokinandan and C.V. Rajan, for the Appellant; K.M.L. Majele and P.P.S. Janarthana Raja, for the Respondent

Judgement

K.A. Thanikkachalam J.

1. At the instance of the Department, the Tribunal referred the following common question for the assessment years 1975-76 and 1976-77 for the

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

Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was right in holding that the expenditure incurred on credit

guarantee to ensure payment of the loan taken to discharge the estate duty liability in respect of the estate of the late S. Anantharamakrishnan for

which the assessee is a controlled company, should be allowed as a revenue expenditure ?

2. The point for consideration is whether the expenditure incurred on credit guarantee to ensure payment of the loan taken to discharge the estate

duty liability in respect of the estate of the late S. Anantharamakrishnan for which the assessee is a controlled company, should be allowed as a revenue expenditure. A similar question came up for consideration before this court in Commissioner of Income Tax Vs. Amalgamations Ltd., (Tax

Cases Nos. 317 and 318 of 1983, dated April 10, 1996) wherein by the judgment of this court, dated April 10, 1996, it was held that the

expenditure incurred on credit guarantee to ensure payment of the loan taken to discharge the estate duty liability, is an admissible deduction, as

revenue expenditure.

3. In view of the earlier decision of this court, cited supra, we answer the question referred to us in the affirmative and against the Department.

There will be no order as to costs.

