(2005) 02 P&H CK 0058

In the Punjab And Haryana At Chandigarh

Case No : IT Ref. No. 304 of 1995

Commissioner of Income Tax	APPELLANT
Vs	
A.P. Gera	RESPONDENT

Date of Decision : 07-02-2005

Acts Referred:
Income Tax Act, 1961 — Section 16

Citation : (2005) 198 CTR 506 : (2006) 284 ITR 370

Hon'ble Judges : Satish Kumar Mittal, J;N.K. Sud, J

Bench : Division Bench

Advocate : D.S. Patwalia, for the Appellant;

Judgement

N.K. Sud, J.—At the instance of the Revenue, the Income Tax Appellate Tribunal, Chandigarh Bench, Chandigarh (for short ''the Tribunal''), has referred the following question of law arising out of its order dt. 28th Oct., 1992, relating to asst. yr. 1989-90 for the opinion of this Court :

"Whether, on the facts and in the circumstances of the case, the Tribunal was right in law in allowing deduction amounting to Rs. 18,000 from incentive bonus received by the assessee ?"

2. The assessee is an individual and is a Development Officer in the Life Insurance Corporation of India. He received incentive bonus from the Corporation against which he claims deduction of Rs. 18,000 on the ground that he had to incur expenses for earning that amount. This claim was disallowed by the AO on the ground that incentive bonus was part of the salary against which the assessee was entitled to only standard deduction. The action of the AO was upheld by the first appellate authority. On appeal by the Revenue (sic-assessee), the Tribunal accepted the claim of the assessee and allowed deduction as claimed by referring to some earlier orders passed by it.

3. The issue now stands settled by this Court in B.M. Parmar Vs. Commissioner of Income Tax, , wherein it has been held that the incentive bonus received by a

Development Officer is assessable under the head "Salary" and deduction against the same is only allowable u/s 16(i) of the IT Act, 1961, and no separate deduction on account of expenditure is permissible.

4. In view of the above, we are satisfied that the Tribunal was not justified in allowing the deduction of Rs. 18,000, in addition to the standard deduction, out of the incentive bonus received by the assessee. The question is, therefore, answered in the negative i.e., in favour of the Revenue and against the assessee. No costs.

