
(2006) 03 MAD CK 0176

In the Madras High Court

Case No : Tax Case (Appeal) No. 295 of 2006

Commissioner of Income Tax

APPELLANT

Vs

J. Ramamani

RESPONDENT

Date of Decision : 03-03-2006

Acts Referred:

Income Tax Act, 1961 — Section 10(10C), 17, 89, 89(1)

Citation : (2006) 286 ITR 616

Hon'ble Judges : P.P.S. Janarthana Raja, J;P.D. Dinakaran, J

Bench : Division Bench

Advocate : J. Narayanaswamy, for the Appellant;

Final Decision : Dismissed

Judgement

P.D. Dinakaran, J.—The above tax case appeal is directed against the order of the Income Tax Appellate Tribunal in ITA. No. 1814/Mds/2004, dated 11.11.2005.

2. The Revenue is the appellant. The assessment year involved is 2001-2002. The case of the appellant is that the assessee/respondent herein, availed the benefit of the voluntary retirement scheme and claimed exemption of the amount of compensation received, both u/s 10(10C) and Section 89(1) of the Income Tax Act.

3. The Assessing Officer granted exemption as envisaged u/s 10(10C) of the Act, but denied the exemption u/s 89(1) of the Act, on the ground that once exemption u/s 10(10C) is allowed, Section 89(1) cannot be invoked. On appeal at the instance of the assessee, the Commissioner of Income Tax (Appeals), taking the view that it is possible to interpret the sections both ways, and where there is an ambiguity, the benefit should be given to the tax payer, allowed the appeal, which was confirmed by the Income Tax Appellate Tribunal, on appeal by the Revenue.

4. Aggrieved by the same, the Revenue has preferred this appeal raising the following substantial question of law:

Whether in the facts and circumstances of the case, the Tribunal was right in holding that the assessee is eligible to claim simultaneous benefit u/s 10(10C) as well as Section 89(1) in respect of the compensation received under the voluntary retirement scheme ?

5. It is fairly conceded by the learned counsel appearing for the Revenue that the issue raised in the above question is squarely covered against the Revenue by the decision of this Court in Commissioner of Income Tax Vs. G.V. Venugopal, , wherein it is held as under:-

The second proviso to section 10(10C) only refers to exemption claimed in any other year. Every assessment year is a self-contained unit and the mere fact that the relief u/s 89 had been spread over several years, did not mean that the relief was not in respect of a particular assessment year. There was no prohibition to the twin benefits in respect of the amount received under the voluntary retirement scheme. The relief contemplated u/s 89(1) is aimed to mitigate hardship that may be caused on account of the high incidence of tax due to progressive increase in tax rates. Payment under the voluntary retirement scheme is covered by the word "salary" which has been given a very wide definition in section 17. Since the assessee was covered by section 89, he would get both the benefits.

6. In view of the above settled proposition of law, we do not see any merit in these appeals and the same are