(1998) 07 MAD CK 0043

In the Madras High Court

Case No : Tax Case No. 1834 of 1984 and Reference No. 1329 of 1984

Commissioner of Income Tax APPELLANT

Vs

N. Gopalsamy RESPONDENT

Date of Decision : 27-07-1998

Acts Referred:
Income Tax Act, 1961 — Section 16

Citation : (2000) 241 ITR 191

Hon'ble Judges : Shivaraj Patil, J;N.V. Balasubramanian, J

Bench : Division Bench

Advocate : C.V. Rajan, for the Appellant; K. Ramani, for the Respondent

Judgement

N.V. Balasubramanian, J.—The Income Tax Appellate Tribunal has stated a case and referred the following 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, and having regard to the provisions of Section 16 of the Income Tax Act, 1961, the

Appellate Tribunal was right in holding that the assessee was entitled to standard deduction of Rs. 4,500 u/s 16(i) since the assessee was getting

the salary income from the two employers ?

2. Whether the Appellate Tribunal''s view that standard deduction u/s 16(i) should be allowed in respect of salary income derived by the assessee

from each of the employers is sustainable ?

2. The assessment year with which we are concerned is 1981-82. The assessee was formerly employed in Madras Rubber Factory Limited and

he resigned his job with effect from May 31, 1980, and joined another concern, viz., Dalmia Cement (Bharat) Limited. The assessee during the course of assessment proceedings for the assessment year 1981-82, claimed double standard deductions u/s 16 of the Act on the salary received

by him from his two employers, viz., Madras Rubber Factory Limited as well as from Dalmia Cement (Bharat) Limited. The Income Tax Officer

rejected the claim of the assessee for two standard deductions and allowed the maximum of Rs. 3,500 as deduction u/s 16(i) of the Income Tax

Act and disallowed the claim of the assessee of Rs. 1,000 from the salary received from Madras Rubber Factory Limited.

3. The Appellate Assistant Commissioner on an appeal preferred by the assessee allowed the assessee''s claim, which was confirmed by the

Appellate Tribunal, following its earlier order in I. T. A. O. 1771/Mds. of 1980, dated July 23, 1981. This order of the Appellate Tribunal is the

subject-matter of the present tax case reference.

4. Learned counsel for the Revenue submitted that the issue whether an assessee is entitled to two standard deductions when he received salary

from more than one employer came up for consideration before this court in the case of Commissioner of Income Tax Vs. U. Mohan Rao, ,

wherein this court has held that the assessee cannot be granted two standard deductions from two salaries received from two different employers.

This court noticed the Explanation which was introduced by the Taxation Laws (Amendment) Act, 1984, with retrospective effect from April 1,

1975, which restricts the grant of standard deduction to one standard deduction where an employee receives salary from two different employers

during the course of the accounting year. The assessment year with which we are concerned is 1981-82. The Explanation introduced by the

Taxation Laws (Amendment) Act, 1984, would apply to the facts of the case. Taking notice of the retrospective amendment made by the Taxation

Laws (Amendment) Act, 1984, and following the earlier decision of this court in the case of Commissioner of Income Tax Vs. U. Mohan Rao, ,

we hold that the Tribunal was not correct in holding that the assessee would be entitled to two standard deductions from two salaries received by

the assessee from the two employers. The Assessing Officer in the instant case had allowed a sum of Rs. 3,500 as standard deduction and the

standard deduction granted by the Income Tax Officer is in accordance with Commissioner of Income Tax Vs. U. Mohan Rao, . Following the said decision, we answer both the questions of law referred to us in the negative and in favour of the Revenue. However, in the circumstances of

the case, there will be no order as to costs.