(1995) 08 AP CK 0017

In the Andhra Pradesh High Court

Case No : Tax Revision Case No. 4 of 1988

Sirpur Paper Mills Ltd.	APPELLANT
Vs	
State of Andhra Pradesh	RESPONDENT

Date of Decision : 22-08-1995

Acts Referred:

Citation : (1996) 88 TAXMAN 32

Hon'ble Judges : V. Rajagopala Reddy, J;S. Parvatha Rao, J

Bench : Division Bench

Advocate : A.K. Jaiswal, for the Appellant; S.R. Ashok, for the Respondent

Final Decision : Dismissed

Judgement

S. Parvatha Rao, J.—The questions of law raised in this tax revision case are as follows :

1. Whether, the Tribunal is right in holding that the value of stamps affixed on Hundies forms part of the sale consideration of the goods ?

2. Whether the ratio of the decision of the Supreme Court in Hindustan Sugar Mills'' case relied upon by the Tribunal has any application to the facts of the case ?

The second question is only an incidental one. The first question is covered by a judgment of the Division Bench of this Court in Sirpur Paper Mills Ltd. v. State of AP [TRC No. 146 of 1986, dated 5-8-1994] relating to the assessee herein, wherein also the question raised was whether the stamp charged incurred by the assessee by affixing stamps on the Hundies form part of the turnover ? The said question was answered against the assessee following the earlier decision of another Division Bench of this Court in Andhra Pradesh Paper Mills Ltd. v. State of AP [TRC No. 238 of 1985, dated 7-2-1989]. B.P. Jeevan Reddy and V. Neeladri Rao, JJ., held as follows in that earlier case :

In these TRCs, two questions are urged by Shri P. Venkatarama Reddi, 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 bills discounting charges must be 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 of hundi stamps.

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.

The Tax Revision Cases accordingly fail and are dismissed.

That decides this matter also against the assessee. In the result, the tax revision case is dismissed without costs.

