
(1992) 08 MAD CK 0032

In the Madras High Court

Case No : T.C.No. 1265 of 1984 (Revision No. 178 of 1984)

Vaikundam Rubber Co. Ltd.

APPELLANT

Vs

State of Tamil Nadu (No. 3)

RESPONDENT

Date of Decision : 05-08-1992

Acts Referred:

Citation : (1993) 202 ITR 597

Hon'ble Judges : Raju, J; Bhakthavatsalam, J

Bench : Division Bench

Advocate : P.P.S. Janarthana Raja, for the Appellant; Mrs. Chitra Venkataraman, for the Respondent

Judgement

Raju, J.—The assessee is the petitioner before us.

2. The Agricultural Income Tax Officer determined the taxable income of the petitioner for the assessment year 1982-83 at Rs. 46,33,021, and

levied a tax of Rs. 30,11,463.65. Aggrieved against the rejection of some of the deductions claimed, the petitioner pursued the matter before the

Assistant Commissioner of Agricultural Income Tax. The said appellate authority allowed the appeal in part and gave relief in respect of some of

the claims made. Not satisfied with the quantum of relief granted by the first appellate authority, the matter has been further pursued before the

Tamil Nadu Agricultural Income Tax Appellate Tribunal. The Tribunal gave some more relief. Aggrieved against the disallowed items claimed on

behalf of the petitioner before the Tribunal, the above tax revision case has been filed.

3. Mr. Janarthana Raja, learned counsel appearing for the petitioner, confined his submissions and claims in respect of four items of deductions

claimed, viz. :

(1) Contribution to canteen expenses of Rs. 4,800

(2) Vehicle maintenance expenses - 25 per cent.

(3) Advertisement charges of Rs. 3,100, and

(4) Rubber subsidy of Rs. 3,652.

4. So far as the deduction claimed in respect of the contribution said to have been made to the canteen is concerned, it is seen that the original

claim was for a sum of Rs. 9,600 and the said sum appears to have been a consolidated sum for more than one assessment year. The first appellate

authority allowed deduction for the assessment year under consideration and disallowed a portion of the claims made in respect of the previous

assessment year. The Tribunal in our view rightly rejected the claim made on the reasoning that the claim in respect of two years could not be

projected in one assessment year and that there was no sufficient material or proof to show that the disallowed portion also pertained to the

assessment year under consideration. In the absence of any such proof that the liability sought to be excluded was incurred during the period

covered by the assessment year in question, the rejection could not be said to be illegal warranting our interference. So far as the objection raised

before us relating to the disallowances of 25 per cent. of the expenses incurred for vehicle maintenance is concerned, we are unable to

countenance the plea of the petitioner, there is no controversy by learned counsel appearing for the petitioner that, in similar circumstances, we

have sustained the disallowance of 25 per cent. of the expenses in respect of vehicle maintenances in our orders in T. C. No. 474 of 1983, dated

July 13, 1992 (Vaikundam Rubber Company Limited Vs. State of Tamil Nadu (No. 2),), following the decision of this Court in T. C. No. 487 of

1981, dated January 2, 1991. (Vaikundam Rubber Company Ltd. Vs. State of Tamil Nadu (No. 1),), and that the decisions referred to above

squarely govern the issue against the petitioner. Nothing has been urged before us in this case to justify our taking a different view on this very issue

and we see no reason to interfere with the conclusion of the Tribunal at the instances of the petitioner on this item of expenditure.

5. The claim regarding advertisement charges has, in our view, rightly been rejected by the Tribunal on the ground that it has not been established

to be reasonably or closely connected with the land or the day to day running of the estate in respect of agricultural activities. As a matter of fact, an issue of similar nature came up for consideration in Tax Case No. 474 of 1983 (Vaikundam Rubber Company Limited Vs. State of Tamil Nadu (No. 2), and by an order dated July 13, 1992, we have held against the grant of allowances on these items of expenditure. The said decision of ours squarely governs the issue against the petitioner and we see no reason to countenance this claim. The only item of claim which, in our view, merits acceptance on behalf of the petitioner is the claim made in respect of the rubber subsidy. A Division Bench of this court to which one of us was a party in the decision in Velimalai Rubber Co. Ltd Vs. Agricultural Income Tax Officer, has held that the rubber subsidy received is an allowable deduction and the ratio of the said decision was also followed by us in the subsequent decision in T. C. No. 474 of 1983, dated July 13, 1992 (Vaikundam Rubber Co. Ltd. State of Tamil Nadu (No. 2) [1993] ITR 202, following the earlier decision of this court in T. C. No. 877 of 1981, dated February 13, 1991 (Vaikundam Rubber Co. Ltd. v. CIT [1991] TLR 379. On behalf of the respondent there can be no serious objections to the said item of claim being allowed. The order of the Tribunal is set aside only in so far as it related to a sum of Rs. 3,652 claimed as a deduction representing the rubber subsidy. In all other respects the tax revision case shall stand rejected. The tax revision case is partly allowed. No costs.