

Supreme Court of India

Commissioner Of Income Tax vs Siwakami Mills Ltd. on 4 February, 1997

Equivalent citations: 1997 227 ITR 465 SC, (1997) 11 SCC 283

Bench: K Paripoornan, S Majmudar

ORDER

1. Heard learned counsel for the parties.

2. The short question that arises for our consideration in this appeal is whether the guarantee commission paid by the assessee is a revenue expenditure and hence allowable as deduction in computing the total income in the assessment year 1968-69. The High Court answered the question in favour of the assessee (see [1979] 120 ITR 211). It was held that the guarantee commission paid by the assessee was a revenue expenditure and hence allowable as a deduction in computing the total income. The Revenue has come in appeal.

3. A similar question arose before the Andhra Pradesh High in Addl. CIT v. Akkamba Textiles Ltd. . The court held that the expenditure incurred is revenue in nature and so allowable as deduction. Civil Appeal No. 2832 of 1977 preferred against the said decision was dismissed by this court (see [1997] 227 ITR 464). In view of the aforesaid decision we see no force in this appeal. Accordingly, this appeal is dismissed. There will be no order as to costs.

Civil Appeal No. 9542 of 1995 :

4. The question is regarding the deduction of interest on deferred payment and guarantee commission paid to the bank. The High Court followed its earlier decision in Sivakami Mills Ltd. v. CIT and answered the question in favour of the assessee. It was held that both the payments are of revenue nature. We have dismissed the appeal preferred against the decision of the High Court rendered in Sivakami Mills Ltd. [1979] 120 ITR 211 in Civil Appeal No. 6488 of 1983. In view of the said decision, this appeal is also dismissed. There will be no order as to costs.