

Cit Vs. Vidya Ram Gupta

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SooperKanoon Citation : sooperkanoon.com/492561

Court : Allahabad

Decided On : Sep-26-2003

Reported in : [2004]136TAXMAN325(All)

Appeal No. : IT Reference No. 77 of 1983 26 September 2003

Appellant : Cit

Respondent : Vidya Ram Gupta

Judgement :

ORDER

This is an Income Tax Reference under section 256(1) of the Income Tax Act in which the following question has been referred to us for our opinion :

'Whether, on the facts and in the circumstances of the case, the learned Tribunal was legally correct in allowing separate standard deductions with reference to salary received from both of the two employers for the same assessment year ?'

2. We have heard learned counsel for the parties.

3. In the relevant assessment year 1976-77 the assessee was a Chief Engineer and derived salary from two different employers. For the period 30-9-1975 he derived salary from M/s. S.H. Sugar Factory (P) Ltd., Bareilly. After 30-9-1975 he received salary from M/s. Laxmiji Sugar Mills, Maholi, Sitapur.

4. The Income Tax Officer allowed by one deduction of Rs. 3,500. Before the Appellate Assistant Commissioner this ground was not taken at all, but he took it before the Tribunal.

5. In para 4 of its order the Tribunal held that the assessee is entitled to separate standard deductions from each of the employers for the assessment year in question.

6. Thus the order of the Tribunal grants the assessee standard deduction of Rs. 7,000.

7. In our opinion, the decision of the Tribunal is not correct. It has been held by the Bombay High Court in CIT v. Rohit J. Patel : [1995]211ITR250(Bom) that where an assessee derives salary from more than one employer, the standard deduction under section 16(i) should be computed with reference to the aggregate salary due to him and such deduction shall in no case exceed the monetary ceiling specified therein, which was Rs. 3,500 in the relevant assessment year.

8. We respectfully agree with the Bombay High Court.

9. For the reasons given above, the question referred to us is answered in the negative, i.e., in favour of the department and against the assessee.