

Cit Vs. G. Ramachandran, Development Officer, Lic of India

Cit Vs. G. Ramachandran, Development Officer, Lic of India

SooperKanoon Citation : sooperkanoon.com/732431

Court : Kerala

Decided On : Apr-02-2003

Reported in : [2003]130TAXMAN467(Ker)

Appeal No. : IT Reference Nos. 63, 64 & 74 of 1999 2 April 2003

Appellant : Cit

Respondent : G. Ramachandran, Development Officer, Lic of India

Advocate for Pet/Ap. : P.K.R. Menon, *for the Revenue* C. Kochunny Nair and Dale P. Kurien, *for the Assessee*

Judgement :

S. Sankarasubban, J.

Questions of law raised in the above cases are as follows :

'Whether on the facts and in the circumstances of the case :

(i) The Tribunal is correct in holding that incentive bonus received by the assessee from his employer is not part of salary

(ii) The Tribunal is correct in holding that the assessee is entitled to claim 40% deduction of the incentive bonus as deduction in computing the taxable income ?'

The questions are covered by the decision in CIT v. TK. Ginarajan, Development Officer, LIC of India : [2002]253ITR463(Ker) , wherein it is held as follows : 'Whether any expenditure is allowable in the computation of income or any receipt has to be added to income only after providing for the expenditure is a matter to be found in the statute, that is, the Income Tax Act. The scheme of the Act is compartmentalisation of income under various heads and computation of the taxable portion strictly in accordance with the formula of deductions, rebates and allowances provided therein. The first step in his regard is to identify the head under which the income is assessable. Deductions and allowances are specific for each head of income. The definition of 'salary' under section 15 of the Income Tax Act, 1961, is so wide and is only an inclusive one taking in all receipts from the employer in the form of wages, commission, bonus, profits in lieu of or in addition to salary, etc. Therefore, any payment by the employer to the employee towards consideration for services rendered in the course of employment comes within the description of 'salary' which includes perquisites as well.'

2. In the above view of the matter, the questions are answered in favour of the department and against the assessee. Learned counsel for the assessee contended that insofar as these questions are concerned, they were decided under section 143(1)(a) of the Income Tax Act and since there was a debatable point, the Authority should not have decided under section 143(1)(a) of the above Act. According to us, we cannot go into that procedure. We are only bound to answer the questions in accordance with law.

I.T.Rs. are disposed of as above.

SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com