Cit Vs. Thangamaligai

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SooperKanoon Citation : sooperkanoon.com/835388

Court : Chennai

Decided On : Dec-12-2002

Reported in : [2003]130TAXMAN487(Mad)

Appeal No. : T.C. Nos. 189 & 190 of 1999 12 December 2002

Appellant : Cit

Respondent : Thangamaligai

Advocate for Pet/Ap. : T. Ravikumar, *for the Revenue* V.S. Jayakumar, *for the Assessee*

Judgement :
ORDER

N.V. Balasubramanian, J.

At the instance of the revenue, a common question of law has been referred to us in relation to the assessment years 1984-85 and 1985-86 of the assessee and the question reads as under :

'Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in law in holding that the chit investment/gifts to chit subscribers would not constitute sales/business promotion expenditure and is outside the scope of the provisions of section 37(3A) of the Act ?'

2. The issue that arises for consideration is whether the expenditure incurred by the assessee by way of presenting the gift articles to the subscribers of chit at the time of joining the scheme and at the time of conclusion of the chit would amount to sales promotion expenses. A similar question was considered by this court for the earlier assessment year in the case of same assessee and this court by its order in T.C. No. 1216 of 1987 dated 29-4-1999 held that the expenditure would be of sales promotion expenditure and subject to the ceiling under section 37(3A) of the Income Tax Act.

3. The learned counsel for the revenue submits that the above decision covers the facts of this case. Learned counsel for the assessee also submits the same. Accordingly, following the said decision and for the reasons stated therein, we answer the common question of law referred to us in favour of the revenue and against the assessee. No costs.