IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD

INCOME TAX APPEAL NO. 1 OF 2014

THE COMMISSIONER OF INCOME TAX-II, NASHIK
VERSUS
OM NARAYAN INDUSTRIES AND DEVELOPERS PVT. LTD.
...
Advocate for Appellant : Mr. D.V. Soman
Advocate for Respondent : Mr. M.K.Kulkarni h/f Mr. R.R. Chandak
...
CORAM : A.V. NIRGUDE & V.K. JADHAV, JJ.
Dated: March 02, 2015
...

PER COURT :-

1. This appeal challenges concurrent findings of the Courts below that the Respondent-Assessee was entitled to claim payment of interest as Revenue expenditure under section 36 (1) (iii) of Income Tax Act. The facts leading to the case can in short be narrated as under.

2. The Respondent assessee is admittedly a developer of a piece of land. In the year 2000 he acquired a large piece of land. He was to sell the plots of this land to various parties and this would be his business. In order to acquire the piece of land, he obtained loan from a Nationalized Bank and also from unsecured creditors. It is an admitted fact that, after acquisition of this plot of land the assessee kept paying interest on such borrowings. On the

other hand, the assessee also obtained permission of the Collector for using the land for non agricultural purpose. He also obtained a lay out from the Town Planning Authority. The plots in the land became salable in the year 2006 for the first time. The first plot was sold in March 2006. In view of this, the income from the assese's business started from such sale of the plot. The question was whether payment of interest made by the assessee during last 6-7 years amounted to revenue expenditure under section 36 (1) (iii) of the Act. We perused this provision and we came to conclusion that the interest was paid for the purpose of business and, therefore, it should be allowed for the purpose of deduction as revenue expenditure. Since both the authorities also took the same view, we do not find it necessary to admit this appeal. In our view, there is no substantial question of law arising in this appeal. Appeal stands dismissed.

(V.K. JADHAV, J.) **(A.V. NIRGUDE, J.)**

...

aaa/-