IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

Date of Decision: 30.01.2015

I.T.A.No.192 of 2001

Commissioner of Income Tax (Central), Ludhiana ...Appellant

Versus

M/s Hero Cycles Ltd., Ludhiana ...Respondent

CORAM: HON'BLE MR. JUSTICE HEMANT GUPTA
HON'BLE MR. JUSTICE HARI PAL VERMA

1. Whether Reporters of local papers may be allowed to see the judgment?
2. To be referred to the Reporters or not?
3. Whether the judgment should be reported in the Digest?

Present : Ms. Savita Saxena, Advocate, for the appellant.

Mr. Aalok Mittal, Advocate, for the respondent.

HEMANT GUPTA, J. (ORAL)

The Revenue is in appeal under Section 260 A of the Income Tax Act, 1961 (for short 'the Act') aggrieved against the order passed by the Income Tax Appellate Tribunal, Chandigarh Bench, Chandigarh (for short 'the Tribunal') on 23.11.2000 relating to the assessment year 1989-90. The Revenue - appellant has raised the following substantial questions of law:

(i) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in law in confirming the order of the ld. CIT (A) in deleting the addition of Rs.34,79,900/- made on account of closing stock of stores, spare-partes and tools etc.?

(ii) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in law in holding the amount of Rs.4,75,816/- spent on Gift-items like shawls, watches, tea-sets and other misc. items distributed amongst the dealers as business expenditure?

The first substantial question of law has been answered in favour of the Revenue and against the assessee vide separate order of today rendered in I.T.A.No.68 of 2001 titled '<u>Commissioner of Income Tax (Central), Ludhiana Vs. M/s Highway Cycle Industries Ltd.</u>' The said question is, thus, answered in favour of the revenue for the same reasons as are recorded therein.

Now coming to the second substantial question of law, the same is covered by the judgment of this Court in <u>Commissioner of Income Tax Vs. Avon Cycles Ltd. (2008) 303 ITR 345</u>.

Consequently, while answering the first substantial question of law in favour of the appellant – Revenue and second substantial question of law in favour of the respondent – assessee, the present appeal is partly allowed.

(HEMANT GUPTA)
JUDGE

30.01.2015
Vimal

(HARI PAL VERMA)
JUDGE