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IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPEAL NO.2416 OF 2013
WITH
INCOME TAX APPEAL NO.107 OF 2014

Commissioner of Income Tax-2 ..Appellant
Versus
India Infrastructure Developers Limited ..Respondent

....
Mr. Suresh Kumar a/w Ms. Samiksha Kanani for the Appellant.
Mr. Niraj Seth a/w Atul Jasani for the Respondent.
....

CORAM: M. S. SANKLECHA &
A. K. MENON, JJ.

DATE : 12TH APRIL, 2016

P.C.:

1. Income Tax Appeal No.107 of 2014 not on board. Mentioned. Upon mentioning taken up for hearing along with Income Tax Appeal No.2416 of 2013.

2. These two appeals arise from common order dated 8th May, 2013 passed by the Income Tax Appellate Tribunal (the 'Tribunal'). The impugned order relates to A.Ys. 2006-07 and 2007-08.

3. The appellant-revenue has raised the following common question of law in both the appeals for our consideration:-

> *"Whether on the facts and circumstances of the case, the Tribunal was correct in law in deleting the addition made on account of accrued interest, by accepting the method of accounting adopted by the assessee without appreciating that the assessee was regularly following mercantile system of accounting under Section 145(1) of the Income Tax Act, 1961 and therefore, interest earned during the year was chargeable to tax on accrual basis?"*

4. The impugned order of the Tribunal dismissed the Revenue's appeal in seeking to tax interest on SIDBI bonds purchased on 20th February, 2006 for the relevant assessment years even though interest on bonds were payable on 1st June of every year till the date of its maturity. The Tribunal dismissed the Revenue's Appeal on the ground that no interest accrued on 31st March of any of the two assessment years as the respondent-assessee had no right to receive interest as on 31st March of any of the two assessment years. The assessee's right to receive the interest only accrued on 1st June of every year.

5. Mr. Suresh Kumar, the learned counsel for the Revenue very fairly states that the issue arising in the present appeal stands concluded against

the Revenue and in favour of the respondent-assessee by the decision of this Court in Director of Income Tax (International Taxation) Vs. Credit Suisse First Boston (Cyprus) Ltd. 351 ITR 323 and Commissioner of Income Tax Vs. The Bank of Rajasthan Ltd. (Income Tax Appeal No.3093 of 2009) rendered on 23rd April, 2010 against the appellant-revenue and in favour of the respondent-assessee.

6. In the above view, as the issue stands concluded by the decision of this Court in favour of the respondent-assessee, no substantial question of law arises for our consideration.

7. Accordingly, the Appeals are dismissed. No order as to costs.

(A. K. MENON, J.) **(M. S. SANKLECHA, J.)**

Wadhwa