$~**R** 38

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ ITA 729/2005

THE COMMISSIONER OF INCOME TAX ..... Petitioner
Through Mr. Ruchir Bhatia, Sr. Standing Counsel.

versus

M/S PUNJAB NATIONAL BANK ..... Respondent
Through

CORAM:
HON'BLE MR. JUSTICE SANJIV KHANNA
HON'BLE MR. JUSTICE CHANDER SHEKHAR

<u>O R D E R</u>

% **17.01.2018**

This appeal by the Revenue under Section 21 of the Interest Tax Act, 1974 read to Section 260A of the Income Tax Act, 1961 pertains to Assessment Year 1997-1998 and arises from Interest Tax Appeal No. 52/Del/2001 and impugns order dated 18th January, 2005 passed by the Income Tax Appellate Tribunal in the case of Punjab National Bank formerly Known as P.N.B. Capital Services Limited.

2. By order dated 1st December, 2005, the appeal was admitted on the following substantial question of low:-

> "1. Whether interest earned on Government securities and bonds are chargeable to tax under Section 5 read with Section 2 (5) and 2 (7) of the Interest Act?"

3. The issue in question is covered against the Revenue-Appellant by the decision of the Supreme Court in ***Commissioner of Income Tax, Kanpur Vs. Sahara India Savings and Investment Corporation Limited***, (2009) 17

SCC 43 and ***Commissioner of Income Tax, Gandhinagar Vs. Gujarat Industrial Investment Corporation***, (2016) 388 ITR 484 SC.

4. The question of law is accordingly answered against the Revenue and in favour of the respondent-assessee. The appeal is disposed of. There would be no order as to costs.

SANJIV KHANNA, J.

CHANDER SHEKHAR, J.

JANUARY 17, 2018
MR/NA