IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

218 2024:PHHC:030699-DB

ITA-814-2008 (O&M)

Date of Decision:- 04.03.2024

M/s Karna International

...Appellant

Vs.

Commissioner of Income Tax and another

...Respondents

ITA-815-2008 (O&M

Date of Decision:- 04.03.2024

M/s Karna International

...Apppellant

Vs.

Commissioner of Income Tax and another

...Respondents

CORAM:- HON'BLE MR. JUSTICE SANJEEV PRAKASH SHARMA
HON'BLE MRS.JUSTICE SUDEEPTI SHARMA

Present: Mr.Abhinav Narang, Advocate for the petitioner.

Mr.Ran Vijay Singh, Sr. Standing counsel for the respondents.

SANJEEV PRAKASH SHARMA, J. (Oral)

1. Learned counsel for the appellant fairly states that the issue raised by the appellant in the present appeal stands finally adjudicated by the Hon'ble Apex Court in Civil Appeal No.5271 of 2007 titled as "**M/s Liberty India** Vs. **Commissioner of Income Tax**", wherein it has been held as under:-

> "16. DEPB is an incentive. It is given under Duty Exemption Remission Scheme. Essentially, it is an export incentive. No doubt, the object behind DEPB is to neutralize the incidence of customs duty payment on the import content of export product. This neutralization is provided for by credit to customs duty against product. Under DEPB, an exporter may apply for credit as percentage of FOB value of exports made in freely convertible currency. Credit is available only against the export product and at rates specified by DGFT for import of raw materials, components etc. DEPB credit under Scheme has to be calculated by taking into account the deemed import content of the export product as per basic customs duty and special additional duty payable on such deemed imports. Therefore, in our view, DEPB/Duty

> Drawback are incentives which flow from the Schemes framed by Central Government or from Section 75 of the Customs Act, 1962, hence, incentives profits are not profits derived from the eligible business under Section 80-IB. They belong to the category of ancillary profits of such undertakings."

In view of the statement made by learned counsel for the appellant that the issue raised in the present petition stands adjudicated finally by the Hon'ble Apex Court, the present appeals are accordingly disposed of in the aforesaid terms.

(SANJEEV PRAKASH SHARMA)
JUDGE

04.03.2024
sd

(SUDEEPTI SHARMA)
JUDGE

Whether speaking/reasoned: Yes/No.
Whether reportable: Yes/No.