IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 08.12.2025

CORAM :

THE HONOURABLE DR.JUSTICE ANITA SUMANTH
and
THE HONOURABLE MR.JUSTICE MUMMINENI SUDHEER KUMAR

T.C.A. Nos.151 & 152 of 2014

Commissioner of Income Tax,
Chennai. .. Appellant in both TCAs

Vs

Indian Overseas Bank,
Accounts Department,
No.763, Anna Salai,
Chennai-600 002. .. Respondent in both TCAs

Common Prayer: Appeals filed under Section 260A of the Income-Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, Madras 'A' Bench, dated 02.04.2013 in I.T.A.No.1757/Mds/2011 and I.T.A.No.1758/Mds/2011.

(In both TCAs)

For Appellant	:	Ms.V,Pushpa Senior Standing Counsel
For Respondent	:	Mr.R.Vijayaraghavan for M/s.Subbaraya Aiyar Padmanabhan

COMMON JUDGMENT

(Delivered by Dr. ANITA SUMANTH.,J)

These Tax Cases (Appeal) have been admitted on 21.04.2014 on the following question of law:-

> *'1.Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in holding that a Section 115JB is not applicable to banking company governed by the Banking Regulation Act, 1949?'*

2. Ms.V.Pushpa, learned Senior Standing Counsel appearing for the appellant would fairly accede to the position that the issue arising in these appeals relating to the applicability of Section 115JB of Income Tax Act, 1961 to banks, has been decided against the Revenue by a decision of the Karnataka High Court in *Commissioner of Income-Tax V. Karnataka Bank Ltd.* ([2022] 142 taxmann.com 64 (Kar.))

3. The operative portion of the judgment in *Commissioner of Income-Tax V. Karnataka Bank Ltd.* (supra) is as follows:

> *'....*
> *This appeal under Section 260A of the Income Tax Act, 1961 (hereinafter referred to as the Act for short) has been preferred by the assessee against the order dated 19-01-2018 passed by the Income Tax Appellate Tribunal. The subject matter of the appeal pertains to the Assessment year 2008-2009. The appeal was admitted by a bench of this Court on the following substantial questions of law:*
>
> 1. *Whether on the facts and in the circumstances of the case, the Tribunal is right in law in setting aside disallowance made under the head investment*

portfolio by following earlier decisions which has not reached finality even when the assessing authority rightly made disallowance by holding that irrespective of RBI guidelines were applicable to the assessee for the purposes of the I.T.Act or not, as per the principles of accountancy and the various decisions of Apex Court, income should be recognized in a way which reflects a true and fair picture of the affairs of the assessee and accordingly, when bank itself is treating the securities as "held to maturity", for any reason whatsoever, the same should be the case for purposes of Income Tax as this representation alone reflects the true picture of the accounts of the assessee?

2. *Whether on the facts and in the circumstances of the case, the Tribunal is right in law in setting aside disallowance made under Section 14A read with Rule 8D(2) (ii) and (iii) of the Act on expenditure incurred on earning exempt income even when the assessing authority rightly made disallowances as conditions for making such disallowances were satisfied and assessee failed to show flow of its own funds to those investments from which income is exempt?*
3. *Whether on the facts and in the circumstances of the case, the Tribunal is right in law holding that the assessee-Bank cannot be considered as a Company by following decisions which has not reached finality and even when as per Section 2(17) of the Act, the Company is defined as an Institution, association or body which is or otherwise assessable or assessed as a Company and as such Section 115JB is applicable to assessee Bank for MAT purposes?*
4. *Whether on the facts and in the circumstances of the case, the Tribunal is right in law in setting aside disallowance in setting aside disallowance made under Section 40(a) (ia) of the Act on ATM charges of other Banks even though Section 194H and Explanation to said section is applicable to assessee-Bank and as such assessee ought to have deducted TDS on such payments?"*

2. When the matter was taken up today, the learned

counsel for the assessee submitted that the 1st and 5 3rd substantial questions of law involved in this appeal have already been answered in favour of the assessee by this Court vide judgment dated 16.01.2020 in the case of CIT v. ING Vysya Bank Ltd. reported in [2020] 114 taxmann.com 506/270 Taxman162/422 ITR 116 (Kar.)

3. It is further also submitted that the 2nd substantial question of law involved in this appeal also has already been answered in favour of the assessee by this Court vide judgment dated 15.02.2021 in ITA No.133/2015 the case of CIT v.Quest Global Engineering Services(P). Ltd. It is further submitted that the 4th substantial question of law is also answered by a bench of this Court vide Judgment dated 23.11.2020, passed in CIT v. Corporation Bank [2021] 123 taxmann.com 204/277 taxman 207/431 ITR 554 in favour of the assessee and against the revenue.

4. The aforesaid submission could not be disputed by the learned counsel for the revenue.

5. For the reasons assigned by us in the aforementioned judgments supra the substantial questions of law framed in this appeal are answered in favour of the assessee and against the revenue.

In the result, appeal filed by the revenue fails and is hereby dismissed.'

4. The matters are presently being consolidated before the Hon'ble Supreme Court and leave has been granted at the instance of the revenue (See *Commissioner of Income Tax, LTU V. Vijaya Bank* ([2021] 130 taxmann.com 149 (SC)) and *Commissioner of Income-Tax V. Karnataka Bank Ltd.* ([2022] 142 taxmann.com 65 (SC)).

5. In light of the above, the substantial question of law is answered in favour of the assessee.

6. These Tax Case (Appeals) are dismissed. No costs.

[A.S.M, J.] [M.S.K, J.]
08.12.2025

Index:Yes/No
Neutral Citation:Yes
Speaking order
mpl

To

The Income Tax Appellate Tribunal Madras ‘A’ Bench,
Chennai.

DR. ANITA SUMANTH,J.
and
MUMMINENI SUDHEER KUMAR,J.

mpl

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