IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH
****

206 **ITA-351-2007 (O&M)**
Date of Decision: 29.01.2026

COMMISSIONER OF INCOME TAX, CHANDIGARH-II
...Appellant

Vs.

M/S SMITHKLINE BEECHAM CONSUMER HEALTH CARE LIMITED
…Respondent

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL
HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL

Present:- Ms. Urvashi Dugga, Advocate with
Ms. Kavita, Advocate
for the appellant

Mr. Rohit Jain, Advocate (through V.C.) and
Mr. Abhishek Sharma, Advocate for
Mr. Vishal Gupta, Advocate
for the assessee
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<u>JAGMOHAN BANSAL, J. (ORAL)</u>

1. The appellant through instant appeal under Section 260A of the Income Tax Act, 1961 (for short '1961 Act') is seeking setting aside of order dated 28.02.2005 passed by Income Tax Appellate Tribunal, Chandigarh.

2. The appellant has raised following questions for adjudication by this Court:-

(i) Whether on facts and in the circumstances of the case, the ITAT is right in law in permitting the change in method of accounting with regard to the valuation of closing stock from absorption cost method to direct cost method?

(ii) Whether on the facts and in the circumstances of the case, the ITAT was right in law in upholding the order of the CIT (Appeals) in deleting the addition made on account of change in the method of valuation of closing stock in respect of excise duty?

(iii) Whether on the facts and in the circumstances of the case the ITAT was right in holding that the restriction imposed by 2nd proviso of section 43B are not applicable in view of the amendments by the Finance Act, 2003 w.e.f. 01.04.2004 and are declaratory in nature and are applicable retrospectively?

(iv) Whether on the facts and in the circumstances of the case, the ITAT was right in law in upholding the order of the CIT(Appeals) in deleting the addition made on account of disallowance of claim for deduction u/s 80-I of the 1961 Act, in as much as the machineries had been installed in the same existing factory premises, as no mention of expansion of the existing factory in the annual report of the company was there and or any separate accounts & other details relating to unit for which deduction u/s 80-I was claimed, were maintained?

(v) Whether on the facts and in the circumstances of the case, the ITAT was right in law in upholding the order of the CIT (A) in deleting the addition made on account of deemed interest from deposits given to the landlords for leased premises hired for the use of certain directors and top employees of the assessee?

(vi) Whether on the facts and in the circumstances of the case, the ITAT was right in holding that Excise Duty and Sales Tax will not form part of 'total turnover' while computing deduction under Section 80HHC?

3. Learned counsel for the parties are *ad idem* that question No.1 and 2 stand answered by this Court vide order dated 27.11.2025 passed in *ITR No.62 to 65 of 1995.* Question No.3 stands settled against assessee as per judgment of Hon'ble Supreme Court "***Checkmate Services (P.) Ltd. Vs. CIT",*** **[2022] 448 ITR 518 (SC).** Questions No.4 and 5 stand answered in favour of assessee vide order dated 19.01.2026 passed by this Court in *ITA-269-2009*. Question No.6 stands answered in favour of assessee vide order dated 27.01.2026 passed by this Court in *ITA-645-2008*.

4. Disposed of in above terms.

5. Pending application(s), if any, stands disposed of.

(JAGMOHAN BANSAL)
JUDGE

(AMARINDER SINGH GREWAL)
JUDGE

January 29, 2026
Deepak DPA

Whether Speaking/reasoned Yes/No
Whether Reportable Yes/No