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THE HIGH COURT OF DELHI AT NEW DELHI

Judgment reserved on: 16.05.2011
Judgment delivered on: 27.05.2011

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ITR No. 27/1997

M/S. J.K. SYNTHETICS LTD.

..... PETITIONER

Vs

COMMISSIONER OF INCOME TAX

..... RESPONDENT

Advocates who appeared in this case:

For the Petitioner : Mr. P.N. Monga & Mr. Manu Monga
For the Respondent : Mr. N.P. Sahni & Mr. Rakesh Sinha

CORAM :-

**HON'BLE MR JUSTICE SANJAY KISHAN KAUL
HON'BLE MR JUSTICE RAJIV SHAKDHER**

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| 1. | Whether the Reporters of local papers may be allowed to see the judgment ? | No |
| 2. | To be referred to Reporters or not ? | No |
| 3. | Whether the judgment should be reported in the Digest ? | No |

RAJIV SHAKDHER, J

1. By way of the captioned reference, we have been called upon to adjudicate the following questions of law :-

- (i). Whether on the facts and in the circumstances of the case, the Ld. ITAT was justified in law in confirming the disallowance of Rs.3,65,000/- under the provisions of



Section 40(C) in respect of the payments made to five directors of the company in excess to the limit of Rs.72,000/- prescribed by the provisions of the said Section?

(ii). Whether the ITAT was justified in not allowing deduction of Rs.79,935/- from chargeable income being sundry credit balance written back in respect of four parties holding that the assessee had received benefit in respect of the amount and also that there was no cessation of liability?

(iii). Whether the ITAT was justified in upholding the disallowance of Rs.77,405/- out of the building repairs being expenses of Holiday Home known as Kamla Castle at Mussorie for the benefit of the employees going on holidays there?

(iv). Whether the ITAT was justified in holding that the water charges amounting to Rs.1,97,467/- and Rs.61,816/- are not admissible deduction?"

2. The captioned reference pertained to the Assessment Year 1982-1983.

Question No.(i)

3. In so far as question no.(i) is concerned, we are informed by the learned counsel for the parties that a similar question of law was raised in ITR No.285/1987 in the Assessment Year 1977-1978



and in ITR No.201/1989. Accordingly, the said question answered in favour of the assessee and against the revenue.

Question No.(ii)

4. Mr. Monga has submitted that he does not wish to seek an opinion from us with regard to the said question. It is ordered accordingly.

Question Nos.(iii) & (iv)

5. As regards question nos. (iii) and (iv) are concerned, Mr. Monga fairly submits that he does not wish to press the same. It is ordered accordingly.

The reference is disposed of with the aforesaid orders.

RAJIV SHAKDHER, J

SANJAY KISHAN KAUL, J

MAY 27, 2011

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