

(1990) 11 AHC CK 0059

Allahabad High Court

Case No: Income-tax Reference No. 1023 of 1978

Commissioner of Income Tax

APPELLANT

Vs

H.R. Sugar Factory

RESPONDENT

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**Date of Decision:** Nov. 13, 1990**Acts Referred:**

- Income Tax Act, 1961 - Section 256(2)

**Citation:** (1990) 87 CTR 132 : (1991) 187 ITR 363**Hon'ble Judges:** B.P. Jeevan Reddy, C.J; V.N. Mehrotra, J**Bench:** Division Bench**Final Decision:** Allowed

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### Judgement

B.P. Jeevan Reddy, C.J.

Two questions are referred u/s 256(2) of the Income Tax Act, 1961, namely :

"(1) Whether, on the facts and in the circumstances of the case, the assessee-company was entitled to the allowance of Rs. 1,59,501 by way of interest in the assessment year 1966-67 ?

(2) Whether, on the facts and in the circumstances of the case, the Tribunal was justified in allowing the loss of Rs. 5,985 to the assessee on the sale of U. P. State Development Loan ?"

2. So far as question No. 1 is concerned, it is brought to our notice that a Bench of this court has answered an identical question in the case of this very assessee in favour of the Department and against the assessee in [Commissioner of Income Tax Vs. H.R. Sugar Factory](#) . Following the said decision, question No. 1 is answered in the negative, i.e., in favour of the Revenue and against the assessee.

3. So far as question No. 2 is concerned, it is also concluded by a decision of this court in a similar matter, viz., Income Tax Reference No. 862 of 1978, disposed of on August 20, 1990, [Commissioner of Income Tax Vs. S.B. Sugar Mills](#) , following the

decision of the Supreme Court in [Patnaik and Co. Ltd. Vs. Commissioner of Income Tax, Orissa,](#) . Accordingly, question No. 2 is answered in the affirmative, i.e., in favour of the assessee and against the Department. No costs.