
(1991) 189 ITR 652

Allahabad High Court

Case No: Income-tax Reference No. 1047 of 1978

Commissioner of
Income Tax

APPELLANT

Vs

Jananamandal Ltd.

RESPONDENT

Date of Decision: Dec. 10, 1990

Acts Referred:

- Income Tax Act, 1961 - Section 145

Citation: (1991) 189 ITR 652

Hon'ble Judges: B.P. Jeevan Reddy, C.J; V.N. Mehrotra, J

Bench: Division Bench

Final Decision: Disposed Of

Judgement

B.P. Jeevan Reddy, C.J.

The following questions were referred u/s 256(1) of the Income Tax Act, 1961 :

"(i) Whether, on the facts and in the circumstances of the case, there was material on record justifying the Tribunal's finding that the assessee-company was maintaining cash system of accounting ?

(ii) Whether, on the facts and in the circumstances of the case, the method of accounting employed by the assessee is that true income for the assessment year 1974-75 could be properly deducted therefore without adding to the assessee's total income a sum of Rs. 92,939 being excess of closing balance of bills receivable over the opening balance of the same ?

(iii) Whether, on the facts and in the circumstances of the case, the Tribunal was right in holding that the method of accounting followed by the assessee was cash system having regard to the fact that expenses for gratuity which had not been actually paid were claimed as deductible in the account books ?

(iv) Having held that the system of accounting followed by the assessee was the cash basis, whether the Tribunal was right in holding that statutory liabilities incurred by the assessee for gratuity was deductible but contractual liability incurred by others in favour of the assessee was not includible in the receipts ?

(v) Whether the Tribunal was right in directing the Income Tax Officer to accept the result as disclosed by the account books on the ground that the assessee was following a method of accounting from which profits are correctly deductible ?"

2. It is brought to our notice that, in the case of this very assessee, these very same questions have been answered in its favour by a Bench of this court in [Commissioner of Income Tax Vs. Jananamandal Ltd.](#), . The said decision related to an earlier assessment year, viz., 1973-74, whereas the present reference pertains to 1974-75. For the reasons given in the said judgment, questions Nos. (i), (ii) and (iii) are answered in the affirmative, i.e., in favour of the assessee and against the Revenue and questions Nos. (iv) and (v) are returned unanswered.