

(1991) 01 AHC CK 0100

Allahabad High Court

Case No: Income-tax Reference No. 135 of 1979

Commissioner of Income Tax

APPELLANT

Vs

Rampur Distillery and Chemical
Co. Ltd.RESPONDENT

Date of Decision: Jan. 31, 1991**Acts Referred:**

- Income Tax Act, 1961 - Section 37

Citation: (1991) 190 ITR 327**Hon'ble Judges:** B.P. Jeevan Reddy, C.J; R.A. Sharma, J**Bench:** Division Bench**Advocate:** Vikram Gulati, for the Respondent**Final Decision:** Allowed

Judgement

1. u/s 256(2) of the Income Tax Act, 1961, the following two questions have been stated by the Tribunal :

"1. Whether, on the facts and in the circumstances of the case, M/s. Goven Brothers Private Ltd., former managing agents of the assessee-company having been appointed as "special officers" with almost the same powers and the same remuneration as payable to them in their capacity as managing agents, the expenditure incurred by the assessee in its litigation with the Company Law Board was an expenditure incurred wholly and exclusively for the purposes of the business of the assessee-company ?

2. Whether, on the facts and in the circumstances of the case, the litigation expenses of Rs. 29,190 could be allowed as a business expenditure ?"

2. It is brought to our notice by counsel for the assessee that similar questions for the previous assessment year (1969-70) were referred to this court and have been answered in favour of the assessee in this court's decision in [Rampur Distillery and](#)

[Chemical Co. Ltd. Vs. Commissioner of Income Tax,](#) . In this decision, it is held that the expenditure incurred by the assessee on litigation questioning the refusal of the extension of the term of managing agents is a permissible deduction. Since the decision is between the same parties and on similar issues, the same is binding upon us.

3. Accordingly, the two questions are answered in the affirmative, that is in favour of the assessee and against the Revenue.

4. No costs.