

(1996) 01 GAU CK 0008

**Gauhati High Court****Case No:** Income-tax Reference No. 2 of 1993

Commissioner of Income Tax

APPELLANT

Vs

U.M. Kidwai

RESPONDENT

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**Date of Decision:** Jan. 10, 1996**Acts Referred:**

- Income Tax Act, 1961 - Section 256(1)

**Citation:** (1996) 219 ITR 130**Hon'ble Judges:** S.L. Saraf, J; D.N. Baruah, J**Bench:** Division Bench**Advocate:** G.K. Joshi, for the Appellant; A.K. Saraf and K.K. Gupta, for the Respondent

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**Judgement**

1. The following question has been referred u/s 256(1) of the Income Tax Act, 1961, for the opinion of this court :

"Whether, on the facts and in the circumstances of the case, the Tribunal was justified in law in deciding that the interest received on delayed payment of compensation to be assessed on the accrual basis from year to year though the assessee followed the cash system of accounting ?"

2. We have heard Dr. A.K. Saraf, counsel appearing for the assessee, and Mr. G.K. Joshi, senior standing counsel for the Revenue. Dr. Saraf submits that this case is squarely covered by the decisions in [K.S. Krishna Rao Vs. Commissioner of Income Tax, Andhra Pradesh](#), and [Rama Bai and Others Vs. Commissioner of Income Tax, Andhra Pradesh Hyderabad and Others](#), We have perused the said judgments and find that the proposition of law laid down by the apex court in the said decisions is applicable in this case. Following the decisions in the said cases, we answer the question in the affirmative, i.e., in favour of the assessee and against the Revenue.

3. A copy of this judgment under the signature of the Registrar and the seal of the High Court shall be transmitted to the Income Tax Appellate Tribunal.

4. In the facts and circumstances of the case, there will be no direction as to costs.