

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. _____ OF 2024
(arising out of Special Leave Petition (C) No.29313/2016)

XL INDIA BUSINESS SERVICES PVT. LTD. . . . APPELLANT(S)

VERSUS

INCOME TAX OFFICER . . . RESPONDENT(S)

O R D E R

Leave granted.

Being aggrieved by the order dated 27.05.2016 passed by the Division Bench of the High Court of Delhi in ITA No. 346/2016, the appellant/Assessee has preferred this appeal.

During the course of submission, learned counsel for the appellant/Assessee drew our attention to the order of the Income Tax Appellate Tribunal, Delhi Bench (ITAT) in ITA No.1477/Delhi/2017, which is for the Assessment Year 2010-2011 in respect of very same Assessee, wherein on the question as to whether the interest income derived from short-term fixed deposit made in a Bank is eligible for deduction for under Section 10-A or 10-B was considered on the basis of certain judgments and the matter was remanded to the Assessing Officer for giving a finding bearing in mind the facts of the Assessee and its business. The direction for remand is in paragraph 42 of the said order of the Appellate Tribunal.

Learned counsel for the appellant submitted that the impugned

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Order, which is for the earlier Assessment year, namely, 2009-2010 was not right in holding that the FDs were not being maintained to meet any requirement of the Bank for opening LC or any other business purpose and therefore, the interest income had to be treated as income from other sources.

Learned counsel for the appellant submitted that in the event this Court is not keen to give a finding having regard to the facts of the case, since the matter has been remanded on the very same aspect by the Appellate Tribunal to the Assessing Officer for the subsequent year, for the year under consideration in this appeal, namely, 2009-2010, a similar remand may be made.

Learned counsel for the respondent initially submitted that there is no merit in this appeal. However, he also submitted that in view of remand made by the ITAT for the subsequent period, the matter for the period under consideration may also be remanded to the Assessing Officer so as to give his finding having regard to the nature of business carried out by the Assessee and the purpose for which the short terms fixed deposits were being maintained in the Bank and the treatment to be given to the interest income on the said fixed deposits.

It was also submitted at the Bar that the Assessing Officer has not yet given a finding on the remand made by the Appellate Tribunal.

In the circumstances, we dispose of this appeal by setting aside the impugned order by remanding the matter to the Assessing Officer for consideration of the issue for Assessment Year 2009-

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2010 by bearing in mind the nature of business of the Assessee and the purpose for which the short term fixed deposit accounts were opened by the Assessee in the Bank and the nature of income and the treatment of interest income as income from other sources or business income.

It is needless to observe that the Assessing Officer shall give his finding as expeditiously as possible.

Further, we have not expressed anything on the merits of the matter.

The appeal is allowed and disposed of in the aforesaid terms.

.....J.
[B.V. NAGARATHNA]

.....J.
[NONGMEIKAPAM KOTISWAR SINGH]

NEW DELHI;
SEPTEMBER 24, 2024

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Petition(s) for Special Leave to Appeal (C) No(s). 29313/2016

(Arising out of impugned final judgment and order dated 27-05-2016 in ITA No. 346/2016 passed by the High Court of Delhi at New Delhi)

XL INDIA BUSINESS SERVICES PVT. LTD.

Petitioner(s)

VERSUS

INCOME TAX OFFICER

Respondent(s)

(IA No. 101756/2024 - PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES)

Date : 24-09-2024 These matters were called on for hearing today.

CORAM :

HON'BLE MRS. JUSTICE B.V. NAGARATHNA

HON'BLE MR. JUSTICE NONGMEIKAPAM KOTISWAR SINGH

For Petitioner(s) Mr. Salil Kapoor, Adv.
Mr. Sumit Lalchandani, Adv.
Ms. Ananya Kapoor, Adv.
Mr. Ravi Kumar, Adv.
Mr. Praveen Swarup, AOR

For Respondent(s) Mr. N Venkatraman, A.S.G.
Mr. Raj Bahadur Yadav, AOR
Mr. Ashok Panigrahi, Adv.
Mr. Apoorv Kurup, Adv.
Ms. Monica Benjamin, Adv.
Mr. Tanmay Mehta, Adv.

UPON hearing the counsel the Court made the following
O R D E R

Leave granted.

The appeal is allowed and disposed of in terms of the
signed order.

Pending application(s) shall stand disposed of.

(NEETU SACHDEVA)
ASTT. REGISTRAR-cum-PS

(DIVYA BABBAR)
COURT MASTER (NSH)

(Signed order is placed on the file)