Bharat Safety Glass P. Ltd. v. Commissioner of Income Tax, Ranchi

Jharkhand High Court · Tax Case 01/2001 · 2012-10-10

Prakash Tatia and Jaya Roy, JJ.

Expert Comments

Reference

The Tribunal referred questions on temporary cash accommodation from a sister concern, the section 271D penalty and the interpretive use of the Finance Minister's statement. (p. 1)

Course of dealing

The assessee relied on a running commercial account involving sales and payments by cash and cheque. The first appellate authority treated the dealings as business transactions. (p. 1–2)

Competing views

The Tribunal treated the accommodation as financial. Revenue argued that section 269SS reached the cash dealings. The assessee invoked OMEC Engineers, [2007] 294 ITR 599 (Jhar.). (p. 2)

Court's reasoning

The Court considered the common management, commercial dealings and cash excess of ₹3,03,142. In those circumstances it accepted the possibility of ordinary business transactions and regarded any mistake as technical. (p. 2–3)

Answer

The Court set aside the Tribunal's order of 5 December 1997 and answered the reference against the section 271D penalty on the particular facts. It gave no general exemption for cash dealings between sister concerns. (p. 3)

Source: original court order. Prepared with AI assistance.