Joint Commissioner of Income Tax (LTU), Bangalore v. Bank of Baroda (Erstwhile Vijaya Bank)

Income Tax Appeal No. 102 of 2025

2026:KHC:7441-DB | ITA No. 102 of 2025 | 2026-02-05

Allowability of deduction for depreciation on investment portfolio classified as Held-to-Maturity (HTM) securities held by a banking company for AY 2014-15.

Income-tax Act, 1961: section 260A; depreciation on HTM securities

High Court of Karnataka | 2-judge bench (Division Bench, Bengaluru) | S. G. Pandit, J. | K. V. Aravind, J.

Assessment years: 2014-15

01 FACTS OF THE CASE

Revenue challenged the Tribunal's order dated 11 March 2022 in ITA 1834/Bang/2018 for AY 2014–15 concerning Bank of Baroda (erstwhile Vijaya Bank). Its three questions attacked depreciation on held-to-maturity securities, reliance on an earlier year while an issue was pending before the Supreme Court, and whether HTM securities could sustain market depreciation or revenue loss.

Source: Caption p.1; own paras.1–2, pp.2–3

02 DISCUSSION BY THE HON'BLE COURT

The assessee submitted that the Tribunal followed ING Vysya Bank Ltd v. CIT (2012) 208 Taxmann 511. Revenue pointed to Supreme Court pendency but could not dispute the submission. The Court itself found the questions covered by Karnataka Bank Ltd v. ACIT [2013] 34 taxmann.com 150 (Karnataka) and CIT v. Vijaya Bank, ITA 687/2008, decided 11 March 2013. It did not reproduce a fresh valuation analysis or extend the ruling expressly to every RBI investment category.

Source: Own paras.3–5, pp.3–4

03 JUDICIAL DECISION

Because the questions were already answered by the cited judgments, the Court held that no substantial question of law arose and dismissed Revenue's appeal.

Source: Own para.6, p.4

04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeds in this appeal; the Tribunal's HTM-depreciation relief remains undisturbed. No amount of deduction is specified in this four-page judgment.

Source: Own paras.1–2,6, pp.2–4

05 EXPERT COMMENTS

Use the actual precedent chain — The operative reasoning invokes Karnataka Bank [2013]34 taxmann.com150 and Vijaya Bank ITA687/2008. ING Vysya is recorded in counsel's submission. Keep those roles distinct: the short dismissal is an application of existing authority, not a new exposition of all securities-valuation rules. Obtain the cited judgments before relying on their detailed ratio.

Separate Supreme Court pendency from a superseding order — Revenue reported a pending issue but did not distinguish the covering authorities, and the appeal was dismissed. This supports the outcome recorded here; it does not establish the later status of that Supreme Court proceeding or whether any stay or reversal exists now. Verify the actual docket before representing the law as finally settled.

Keep valuation evidence and the relief specific — The disputed asset category is HTM securities, not every AFS/HFT investment. The judgment gives neither portfolio figures nor a computation method. For another claim, reconcile the relevant portfolio and claimed diminution with its assessment record and the full cited precedent. Do not infer a quantified allowance or an automatic deduction merely from the bank's regulatory classification.

Source: Editorial analysis; own paras.1–6, PDF pp.2–4

SOURCE & VERIFICATION

High Court of Karnataka official judgment PDF - AKHB Repository (20260205_KAHC010314252025.pdf)

4-page official High Court of Karnataka judgment PDF (20260205_KAHC010314252025.pdf, 84,014 bytes).

All 4 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Section 260A is expressly stated. The short judgment does not identify sections 28,37(1) or145 as the deduction provisions.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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