Dollar Apparels v. Income Tax Officer, WardI(3), Tirupur

TC(A) Nos. 3, 4 and 5 of 2007

TCA3 to5/2007 (2007-02-21) | 2007-02-21

Bank-deposit interest held outside export-derived profits for the historical section 80 HHC claim.

80HHC | 260A

High Court of Judicature at Madras | Division Bench | Justice P.D. Dinakaran | Justice Chitra Venkataraman

Assessment years: 1997-98, 1998-99, 2001-02

Scope of this order

The challenged denial of section 80 HHC relief on deposit interest remained in force.

01 FACTS OF THE CASE

Dollar Apparels, a fully export-oriented concern, placed part of export proceeds in bank deposits said to be required by its bank. It claimed the resulting interest as business income eligible for section 80 HHC for three assessment years.

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02 DISCUSSION BY THE HON'BLE COURT

The Court held that even an assumed bank condition did not change the immediate source of interest from the deposit into export activity. It followed the authorities quoted on export-derived income and on not setting business interest expenditure against income assessed under other sources.

Source: PDF p. 3

03 JUDICIAL DECISION

The assessee's three appeals and the connected miscellaneous petitions were dismissed.

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04 OUTCOME / IN WHOSE FAVOUR

The challenged denial of section 80 HHC relief on deposit interest remained in force.

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05 EXPERT COMMENTS

Commercial necessity and statutory derivation are different inquiries — A deposit may facilitate banking facilities, yet the judgment treats the deposit as the immediate source of interest. Mere commercial connection did not satisfy the export-derived test applied here.

Report the actual finding on the bank condition — The Tribunal had not accepted a demonstrated direct sanction link. The High Court also reasoned on the assumption that a condition existed, so the holding should not be recast as depending solely on missing evidence.

Do not assume unrestricted netting — The Court followed the quoted authority on business interest expenditure and other-sources interest. This is a historical ruling on the claims before it, not independent clearance of every later deduction or netting question.

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SOURCE & VERIFICATION

Primary High Court order - verified local repository copy

Complete 4-page court PDF read for this correction.

Complete source text and every original page visually reviewed; identity and SHA-256 checked. AI-assisted source analysis.

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All 4 physical source pages read and visually inspected. SHA-256: 098fe607c2f334b2dd4811d0b87450496f929f86877bee7b989f4e1e7295c338.

STATUTORY SCOPE

This note describes the historical provisions addressed by the supplied judgment. Subsequent statutory changes and judicial treatment have not been independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent judicial treatment has not been 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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