

New India Assurance Company Ltd.

Civil Writ Jurisdiction Case No.12429 of 2019

FORUM

Patna High Court

ORDER DATE

14 Jul 2023

NOTE TYPE

Source extract

01 CONCLUDING COURT PASSAGE - SOURCE EXTRACT

Hence, there can be no spread over of the interest income in the years in which it accrued after death of the person, which resulted in the compensation being awarded. We also have to notice sub- clause (ix) of sub-section(3) of Section 194A, which speaks of such exemption from deduction of tax, from the interest income, when the aggregate amount of such income credited or paid during the financial year exceeds Rs. 50,000/-. Hence, the income has to be found to have accrued only on the date of payment or credit. 8. We have to caution the Tribunals, insofar as the proper procedure being the resort to refund, if at all the claimant does not have income in excess of the taxable limit under the Income Tax Act. 9. On the above reasoning, we find that the application filed before the Tribunal was unsustainable. We, hence, set aside the order of the Tribunal dated 09.02.2018 and caution the Tribunals from issuing such orders directing refund for the periods prior to 01.06.2015. We specifically notice that Section 194A(3)(ix) has been substituted by the Act 20 of 2015 with effect from 01.06.2015, which reads as under:- “(3)(ix)-To such income credited by way of interest on the compensation amount awarded by the MACT.” On the above provision coming into force from 01.06.2015, no TDS can be deducted even on the interest component. The writ petition is allowed, leaving the parties to suffer their respective costs. 10. Since, we have answered the question against the refund directed by the Tribunal, we are of the opinion that the application before the Tribunal need not be restored and the same shall stand closed as not maintainable.

SOURCE & VERIFICATION

Supplied court copy / compilation pp. 732-738

READ ORDER

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