

SUPREME COURT OF INDIA

Commissioner of Income

Vs.

Ishwar Bhuvan Hotels Ltd.

C.A.No.2594 of 2006

(S.H.Kapadia and B.Sudershan Reddy,JJ.)

08.02.2008

JUDGMENT

Kapadia, J.

1. In this civil appeal filed by the Department the question of law arises for determination which question is as follows:

"Whether interest paid in respect of borrowings on capital assets not put to use in the concerned financial year can be permitted as allowable deduction under Section 36(1)(iii) of the Income-tax Act, 1961?"

2. Our answer to the above-mentioned question is squarely covered by our decision in favor of the assessee and against the Department in the case of *Dy. Commr. of Income Tax, Ahmedabad v. M/s. Core Health Care Ltd*¹.

3. Accordingly the above question is answered in favour of assessee and against the Department. Consequently the Department's civil appeal is dismissed with no order as to cost.

Judgment Referred.

¹C.A.No.3952-55 of 2002