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FINER welcomes SC judgment



AT News · 16:07, 12 Mar 2016 · 8324 views · 2 min read



FINER has welcomed the recent Supreme Court judgment providing major relief to the north eastern industries. In a statement issued in Guwahati on Saturday, the business chamber said that the judgment would end an ambiguity.

A division bench of the Supreme Court comprising Justice Kurian Joseph and Justice Rohinton Fali Nariman dismissed the revenue’s appeal against [\(/taxonomy/term/1929\)](/taxonomy/term/1929) the judgment of Gauhati High Court allowing tax exemption on operational subsidies.

The Gauhati High Court in the case of C.I.T. V/s. Meghalaya (/taxonomy/term/2343) Steels Ltd. had held that various subsidies such as (/taxonomy/term/2291) transport, power, interest & insurance (/taxonomy/term/2071) given to the industries of the NER were operational subsidies and would qualify for deduction U/s.80IB/80IC of the Income Tax Act (/taxonomy/term/1974), 1961.

Upholding the judgment of the Gauhati High Court, the Supreme Court has held that all these subsidies are revenue receipts which are reimbursed to the assesseees for elements of cost relating to manufacture and sale of their products. Therefore, there was a direct nexus between the profits and gains of the industrial undertaking and reimbursement of such subsidies.

The Supreme Court has thus put an end to the controversy (/taxonomy/term/1752) which was pending since last (/taxonomy/term/2005)10 (/taxonomy/term/2005)-12 years and has threatened the very existence of industries of the region. P. Chidambaram, Senior Advocate and Ex-Finance Minister, S. Ganesh, Senior Advocate, Ramesh Goenka, Amit Goenka and Kavita Jha advocates appeared for the assesseees and i Radhakrishnan Senior advocate represented the Revenue.



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