

CIT(A) rightly treated the fixed deposit interest income under the “Income from Business & Profession” instead of “Income from Other Sources”: ITAT

Fact of the Case

- The assessee, M/s. National Film Development Corporation Ltd. is engaged in the business of distribution of films, film production, film finance, media campaign, exports of films, service projects including subtitling, hiring of equipment, video studio, etc.
- The assessee filed its return of income declaring total income at Nil
- The case was selected for scrutiny and accordingly notice under section 143(2) was served upon the assessee. The Assessing Officer completed the assessment under section 143(3) determining total income at Rs.61.28 lakhs.

Decision of the Case

- The Coram headed by the Vice President Mahaveer Singh and M. Balaganesh opined that the assessee’s business-production of films for Ministries of Government of India and various government departments and the durations for which the amounts were kept with banks the income earned by it has to be held as business income.
- The Tribunal observed that the interest earned by the assessee was obviously attributable and incidental to the business carried on by it
- It is well-settled that interest can be assessed under the head Income from other sources, only if it cannot be brought within one or the other of the specific heads of charge, ITAT added.
- The ITAT said that the interest income is clearly and justifiably assessed as business income. In short, the case under consideration is not a case of depositing unutilized and surplus money by the assessee to earn interest, and, therefore, the interest earned by the assessee cannot be assessed as income from other sources.