

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'G', NEW DELHI**

**Before Sh. Amit Shukla, Judicial Member**

**Dr. B. R. R. Kumar, Accountant Member**

**ITA No. 5209/Del/2016 : Asstt. Year : 2012-13**

Income Tax Officer, Ward-41(5), New Delhi	Vs	M/s Sigma Plastic Industries, F-16, Vikas House, 34/1, East Punjabi Bagh, New Delhi-110026
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>
<b>PAN No. ABIFS3708G</b>		

**Assessee by : Sh. Tarun Batra, CA**

**Revenue by : Sh. S. S. Rana, CIT DR**

**Date of Hearing: 18.09.2019**

**Date of Pronouncement: 18.09.2019**

**ORDER**

**Per Dr. B.R.R. Kumar, Accountant Member:**

The present appeal has been filed by the revenue against the order of the Id. CIT(A)-14, New Delhi dated 22.07.2016.

2. Following grounds have been raised by the assessee:

*"1. On the facts and circumstances of the case and in law, the Id. CIT (A) is not justified in allowing the deduction u/s 80IB on Excise Duty Refund of Rs.81,04,941/- and interest subsidy of Rs.4,79,959/- by holding that these incomes were derived by the industrial undertaking, without appreciating the findings of the AO.*

*2. On the facts and circumstances of the case and in law, the Id. CIT (A) is not justified in holding that the Excise Duty Refund and interest subsidy are capital receipt and directed the AO to reduce the same from profit of the undertaking as well as from the deduction claimed u/s 80IB of the Act ignoring the fact that the assessee had shown the Excise duty refund and interest subsidy as Revenue receipt reflected in the profit and loss account."*

3. The only issue taken up by the revenue is whether excise duty refund and interest subsidy can be treated as income derived by the industrial undertaking and eligible for Section 80IB of the Act or not.

4. Facts of the issue are that the firm Sigma Plastic industries is a partnership concern and is having its Head Office at Delhi and manufacturing unit at IGC, SIDCO Industrial Area, Phase 1, Samba, Jammu & Kashmir. The firm has been manufacturing plastic compounds, PVC compounds and varieties of TPR compounds which are further used in manufacturing activities of pipe industries, rubber industries and quire industries. During the year under consideration, the company received the excise refund of Rs.81,04,941/- and interest subsidy of Rs.4,79,959/- as are incentive from Government of Jammu & Kashmir.

5. At this juncture, we find that this issue has been examined by various Courts in a number of cases and came to a conclusion that the excise refund and interests subsidy can be treated as profits derived from industrial undertakings in view of the direct nexus with the manufacturing activities. Reliance is placed on the judgment of Hon'ble High Court of Delhi in the case of CIT vs Dharmapal Prem Chand 221 CTR 133 and judgment of Hon'ble Apex Court in the case of Meghalaya Steels Ltd. 356 ITR 235. Keeping in view, the judgment of the Apex Court, the appeal of the revenue is hereby dismissed.

6. In the result, the appeal of the Revenue is dismissed.  
(Order Pronounced in the Open Court on 18/09/2019).

Sd/-

**(Amit Shukla)**  
**Judicial Member**

**Dated: 18/09/2019**

\*Subodh\*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

**(Dr. B. R. R. Kumar)**  
**Accountant Member**

**ASSISTANT REGISTRAR**