

## **Income tax relief for property firms**

If acquiring and letting of properties is the business of a company, it comes under the income tax head 'income from business', and not 'income from house property', Supreme Court has ruled in the case, Chennai Properties and Investments Ltd vs CIT. The rental income was shown as income from business in the return filed by the company. The assessing officer, however, refused to tax the same as business income. According to him, since the income was received from letting out of the properties, it was in the nature of rental income. The company appealed to the commissioner who held that it was business income. The revenue authorities moved the Madras High Court against the ruling. The high court accepted the view of the tax authorities. Therefore, the company appealed to Supreme Court. It reversed the judgment of the high court. Supreme Court conceded that the dividing line between business income and rental income in such cases is difficult to find; but in the case of a company with its professed objects and the manner of its activities and the nature of its dealings with its property, it is possible to say on which side the operations fall and to what head the income should be assigned.

*(Business standard)*