

Sec. 80-IB deduction eligible to assessee engaged in business of manufacturing & exporting honey

Summary – The High Court of Bombay in a recent case of Pioneer Foods & Agro Industries., (the Assessee) held that Sec. 80-IB deduction eligible to assessee engaged in business of manufacturing & exporting honey

Facts

- The assessee firm was engaged in the business of manufacturing and exporting honey and filed its return claiming deduction under section 80-IB(11A) in respect of benefit received under Vishesh Krishi and Gram Udyog Yojana (VKGUY).
- The Assessing Officer rejected assessee's claim.
- The Tribunal upheld order passed by Assessing Officer.
- On appeal:

Held

- The HC held that a perusal of the VKGUY scheme would suggest that the objective of the scheme was to promote export of agricultural produce and their value added products. The Government realized that the products such as agricultural produce, minor forest produce and Gram Udyog products as also forest based products would have high transport cost and would be accompanied by various other disadvantages. In order to make the export of such products viable, the Government of India decided to grant certain incentives under the said scheme.
- Thus, it is held that the assessee's claim of deduction under section 80IB(11A) in relation to the benefits received by the assessee under VKGUY scheme upon the export of its agro products was to be allowed.
- In the result, assessee's appeals is allowed.