

Interest on a business's ideal fund put in a bank FD is treated as Business Income by ITAT

Case Matter Hanitate Realtech P Ltd. ITAT Delhi ITA No 4658/Del/2018

Astt year 2015-16.

Order Dated 19-01-2022.

Reliance placed on Hon'ble Bombay HC order CIT Vs Lok Holdings 308 ITR 356 (Bom)

S A Builders Vs CIT 288 ITR 1 (SC)

The assessee's interest income on fixed deposits must be considered as business income. It is impossible to say that interest income is not closely related to the assessee's business. For commercial reasons, the assessee has deposited idle funds in short-term deposits to generate a higher rate of interest, lowering the building costs because the funds invested in the fixed deposit are eventually used to pay for the company. The assessee's use of the project completion technique to recognise revenue from its construction business is likewise undeniable.