IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 2.2.2015

CORAM

THE HON'BLE MR.JUSTICE R.SUDHAKAR
AND
THE HON'BLE MRS.JUSTICE S.VIMALA

T.C.(A).Nos.1308 and 1309 of 2007

Aparanjitha Finance Co Limited
(merged with M/s.Sundaram Finance Ltd.)
21, Patullos Road
Chennai - 600 002. .. Appellant in both Appels

Vs.

The Joint Commissioner of Income Tax
Special Range-II
Madurai. .. Respondent in both Appeals.

PRAYER: Appeals under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal 'A' Bench, Chennai, dated 2.6.2006 made in I.T.A.Nos.1495 and 1496/Mds/2003 for the assessment years 1997-1998 and 1998-1999 against the order of the Commissioner of Health Tax (Appeals) II Madurai in ITA.Nos.240, 334, 231/00, 01 & 102/01-02 dated 24.01.2003 against the assessment Order dated 30.03.2000 & 30.03.2001 in Pan/GIR.No.49-001-C-0062 Assessment Year 97-98 & 98-99 by the Joint Commissioner of Income Tax Special Range II, Madurai 2.

For Appellant : Mr.Venkat Narayanan
for M/s.Subbaraya Aiyar

For Respondent : Mr.M.Swaminathan
Standing Counsel

J U D G M E N T
(Delivered by R.SUDHAKAR, J.)

The assessee has filed these appeals assailing the order of the Income Tax Appellate Tribunal 'A' Bench, Chennai, dated 2.6.2006 made in I.T.A.Nos.1495 and 1496/Mds/2003 for the assessment years 1997-1998 and 1998-1999 and the same were admitted on the following questions of law:

(i) Whether the Tribunal was right in law in holding that the appellant is not entitled to deduction of the provision made in respect of Non Performing

Assets which are considered irrecoverable?

(ii) Whether the Tribunal was justified in not appreciating that the provision made in respect of Non Performing Assets if not allowable as a bad debt is allowable as a business loss?

2. The learned counsel on either side fairly concede that the questions of law raised in these appeals are covered by a decision of a Division Bench of this Court in Sundaram Finance Limited v. The Assistant Commissioner of Income Tax [T.C.(A) No.1195 of 2007, dated 13.3.2014]. In the said decision, the Division Bench followed a decision of the Supreme Court in Southern Technologies Ltd. v. Joint Commissioner of Income Tax, (2010) 320 ITR 577 (SC) and answered similar questions of law against the assessee and in favour of the Revenue.

3. In Sundaram Finance Ltd. v. Assistant Commissioner of Income Tax, (2012) 349 ITR 356 (SC), the Supreme Court reiterated the principles laid down in Southern Technologies Ltd. case, referred supra, and held that an assessee is not entitled to deduction as a bad debt or as a business loss the provision made in respect of non-performing assets which were considered irrecoverable.

4. In the light of the law laid down in the decisions, referred supra, these appeals are dismissed answering the questions of law raised in these appeals against the assessee and in favour of the Revenue. No costs.

Sd/-
Asst.Registrar

/True Copy/

Sub Asst. Registrar

sasi

To:

1. The Assistant Registrar,
Income Tax Appellate Tribunal
Chennai Bench "A", Rajaji Bhavan,
Chennai.

2. The Secretary, Central Board
of Direct Taxes, New Delhi.

3. The Commissioner of Health Tax (Appeals) - II
   Madurai.

4. The Joint Commissioner of Income Tax
   Special Range II, Madurai - 2.

+1 CC to Mr.R.Venkatnarayanan, SR 5858
+1 CC to Mr.T.Ravikumar, SR.5201

TEJ(CO)
PKS
21/02/2015