IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25.1.2017

CORAM

THE HON'BLE MR.JUSTICE **HULUVADI G. RAMESH**
AND
THE HON'BLE DR.JUSTICE **ANITA SUMANTH**

Tax Case (Appeal) No.563 of 2008

Commissioner of Income Tax
Chennai. ... Appellant

Vs.

Parma & Vijay Investment &
Financing Co. P. Ltd.
(now merged with Adyar Gate
Hotels Ltd.)
Chennai. ... Respondent

Tax Case Appeal filed under Sec. 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, Madras 'B' Bench, Chennai, dated 16.3.2007 in ITA No.1795/Mds/06.

For Appellant : Mr.T.Ravikumar
Standing Counsel

For Respondent : Mr.R.Vijayaraghavan for
M/s.Subbaraya Aiyar

JUDGMENT

(Judgment of the Court was delivered by Dr.Anita Sumanth, J.,)

The Tax Case Appeal filed by the Revenue calling in question the correctness of the order passed by the Income Tax

Appellate Tribunal, Madras 'B' Bench, Chennai, dated 16.3.2007 in ITA No.1795/Mds/06, has been admitted on 7.7.2008 for consideration of the following substantial question of law:

> "Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that interest paid on loans borrowed for subscribing to the rights issue of a company should be treated as a business expenditure, even though the dividends earned are to be treated as income from other sources?"

2. Circular instruction issued by the Central Board of Direct Taxes No.21/2015, dated 10.12.2015 stipulates that appeals shall not be filed/pursued by the Department before the High Court in cases where the tax effect does not exceed Rs.20 lakhs. In the instant case, the tax effect is less than the monetary limit imposed and the appeal is, hence, dismissed as not pressed, preserving the substantial question of law for determination in an appropriate case. No cost.

(H.G.R.,J.) (A.S.M.,J.)
25.1.2017.

ssk.

Index: Yes/No.
Internet: Yes/No.

HULUVADI G. RAMESH, J.
and
Dr.ANITA SUMANTH,J.

ssk.

T.C.A.No.563 of 2008

25.1.2017.
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