IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 14.11.2018

CORAM

THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM
and
THE HONOURABLE MR.JUSTICE N.SATHISH KUMAR

Tax Case (Appeal) No.107 of 2009

Director of Income Tax, (Exemptions)-1,
Chennai. ... Appellant/Appellant

-vs-

Sea Horse Trust,
18, Swami Sivananda Salai,
Chepauk, Chennai-5. ... Respondent/Respondent

Tax Case (Appeal) filed under Section 260-A of the Income Tax Act, 1961 against the order of the Income-tax Appellate Tribunal "C" Bench, Chennai, dated 15.02.2008 in I.T.A.No.514/Mds/2007 for the assessment year 2002-03. against the order of the Commissioner of Income Tax (Appeals) -XI, Chennai, dated 19/10/06 and made in ITA No.7/05-06 against the Assessment order, of the Assistant Director of Income Tax, (Exemptions) I, Chennai dated 10/02/2005 in PAN*/GIR No.1949-5 for the assessment year 2002-2003.

For Appellant : Mr.Karthik Ranganathan, Standing Counsel

For Respondent : M/s.Harshini Jhothi Raman

JUDGMENT

(Delivered by T.S.Sivagnanam, J.)

This appeal, by the appellant/Revenue, is directed against the order of the Income-tax Appellate Tribunal "C" Bench, Chennai, dated 15.02.2008, in I.T.A.No.514/Mds/2007 for the assessment year 2002-03.

2.Heard Mr.Karthik Ranganathan, learned Standing Counsel for the Revenue; and M/s.Harshini Jhothi Raman, learned counsel for the assessee.

3.This Appeal has been admitted on 12.03.2009, on the following substantial question of law:-

"Whether, in the facts and circumstances of the case, the Tribunal was right in holding that assessee had clearly stated the purpose for which the funds had been accumulated and accordingly eligible for accumulation and carry forward of income as per Section 11(2) when assessee had not neither given particulars regarding the steps taken towards fulfillment of the objects of the trust nor given the break up of proposed expenditure while opting for accumulation of income?”

4.We have perused the order of assessment as well as the order passed by the Commissioner of Income Tax (Appeals)-XI and we find that the tax effect in this appeal is lesser than the threshold limit mentioned in Circular No.3 of 2018, dated 11.07.2018, issued by the Central Board of Direct Taxes, which fixes the monetary limit as Rs.50,00,000/- for the Department to pursue the matter. Furthermore, the Revenue has not been able to point out any distinguishing features, by which the Circular No.3 of 2018, dated 11.07.2018, cannot be applied.

5.Thus, for the above reasons, the Revenue cannot pursue this appeal in view of the low tax effect. Hence, this Tax Case Appeal is dismissed and the substantial question of law, framed for consideration, is left open. No costs. The Revenue is at liberty to seek for restoration of appeal if at a later point of time, it is found that the tax effect is above the threshold limit or to fall under the exceptional clauses mentioned in the Circular.

Sd/-
Assistant Registrar

//True copy//

Sub Assistant Registrar

abr
To

1. The Income-tax Appellate Tribunal “C” Bench, Chennai.

2. The Commissioner of Income Tax, (Appeals) XI,
121, Mahatma Gandhi Road, Chennai-600 034.

3. Assistant Director of Income Tax (Exemptions) I, Chennai.

T.C.(A) No.107 of 2009

GJ(CO)
GMY(19/12/2018)