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.1787 of 2008

Commissioner of Income Tax,
Chennai. ... Appellant

-vs-

M/s.Chakiat Agencies Pvt. Ltd.,
40, Rajaji Salai, 2nd Floor,
PB No.1880, Chennai-600 001.
PAN AABCC6281F ... Respondent

Tax Case (Appeal) filed under Section 260-A of the Income Tax Act, 1961 against the order of the Income-tax Appellate Tribunal 'A' Bench, Chennai, dated 10.04.2008 in I.T.A.No.1193(Mds)/2006 for the assessment year 2001-02.

For Appellant : Mr.T.Ravi Kumar
Senior Standing Counsel

For Respondent : Mr.V.S.Jeyakumar

JUDGMENT

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

This appeal, by the appellant/Revenue under Section 260A of the Income Tax Act, 1961, is directed against the order of the Income-tax Appellate

Tribunal 'A' Bench, Chennai, dated 10.04.2008, in I.T.A.No.1193(Mds)/2006 for the assessment year 2001-02.

2.Heard Mr.T.Ravi Kumar, learned Senior Standing Counsel for the appellant; and Mr.V.S.Jeyakumar, learned counsel for the respondent.

3.The above appeal has been admitted on 01.12.2008, on the following substantial questions of law:-

> "(i) Whether on the facts and circumstances of the case, the Tribunal was right in holding that since that writ appeal filed in the case of Port Trust is still pending the liability has not become finalised, when the amounts shown under sundry creditors related to other issues, and when sundry credits in the Cochin branch have no relation to the Chennai Port Trust case?
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> (ii) Whether in the facts and circumstances of the case, even if it is found that the liabilities shown related to the pending writ appeal, since the assessee has collected the same from its customers, it ought to have been treated as a trading receipt?"

4.We have perused the order of assessment as well as the order passed by the Commissioner of Income Tax 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 appeal is dismissed and the substantial questions of law, framed for consideration, are left open. 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. No costs.

(T.S.S., J.) (N.S.K., J.)

14.11.2018

abr

To

The Income-tax Appellate Tribunal 'A' Bench, Chennai.

T.S.Sivagnanam, J.
and
N.Sathish Kumar, J.

(abr)

Tax Case (Appeal) No.1787 of 2008

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