IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 19.11.2018

CORAM

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

Tax Case (Appeal) No.1943 of 2008

M/s.Indian Additives Ltd.,
Express Highway,
Manali, Chennai-600 068.
PAN AACC11445G ... Appellant

-vs-

The Assistant Commissioner of Income Tax,
Company circle-II (3),
121, Nungambakkam High Road,
Chennai-600 034. ... 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 13.06.2008 in I.T.A.No.443/Mds/2007 for the assessment year 2003-04.

For Appellant : Ms.Sree Lakshmi Valli

For Respondent : Mr.Karthik Ranganathan,
Standing Counsel
and Mr.S.Rajesh,
Junior Standing Counsel

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

This appeal, filed by the assessee under Section 260A of the Income-tax Act, 1961, (hereinafter referred to as "the Act") is directed against the order of the Income-tax Appellate Tribunal 'A' Bench, Chennai, (for brevity "the Tribunal") dated 13.06.2008, in I.T.A.No.443/Mds/2007 for the assessment year 2003-04.

2. Before we proceed to set down the substantial questions of law, which arise for consideration, it would be necessary to refer to the order dated 19.01.2009, by which, the appeal was admitted. The Hon'ble Division Bench, while admitting the appeal, has not entertained all the substantial questions law

raised by the assessee. The order reads as follows:-

"Heard the learned counsel for the assessee. Eight questions have been formulated for admission of this appeal.

2. The first question of law is as follows:-

"Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in rejecting the appellant's computation pertaining to the inclusion of interest from deposits in the computation of deduction under section 80HHC of the Income Tax Act?"

It is fairly stated by the learned counsel for the assessee that this question is covered against the assessee by the decision of this Court in the case of Dollar Apparels v. ITR, 294 ITR 484. Hence, the appeal is dismissed so far as it relates to the first question of law.

3. The second question of law runs as follows:-

"Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in confirming the disallowance of a sum of Rs.5,50,000/- being the reimbursement of expenditure incurred by the Managing Director?"

As far as the second question of law is concerned, it is submitted by the learned counsel for the assessee that the assessee has filed an additional affidavit to confirm before this Court as to what transpired before the Tribunal when the matter was argued before it by producing the memorandum of understanding. Hence, this question is admitted subject to production of the additional affidavit and subject to the Court accepting the same.

4. The third question of law, which is as under, is admitted subject to production of IAL Supervisor's Separation Scheme, 2001:

"Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in now allowing the entire compensation paid to its employees on termination of their services as an allowable expenditure?"

5. The fourth question of law, as to whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in not adjudicating on the exclusion of income from other sales and scrap sales from total turnover while computing relief under section 80HHC of the Act, is not take up for consideration as there was a

clear adjudication on the issue of scrap sale.

6. Questions of law Nos.5, 6, 7 and 8 are admitted as it is stated by the learned counsel that the assessee's own case in T.C. (A) No.350 of 2008 raising similar questions was admitted on 30.06.2008. Those questions of law are:

5.Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in allowing the claim relating to scrap and other sales in computing the relief under section 80HHC of the Act?

6. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in not accepting the inclusion of the following amounts in computing deduction under Section 80 IB of the Act:

a) Commission
b) Receipts from contractors
c) Margin money
d) Octrol

7. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in confirming the assessment of the interest received from staff as the appellant's income?

8. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in treating the entire interest received from employees as exempt under Section 80IB of the Act?

Notice. Tag this appeal along with T.C. (A) No.350 of 2008."

3. From the above, it is clear that the first substantial question of law was dismissed.

3.1. Substantial question of law No.2 was to be considered subject to the conditions laid down in paragraph 3 of the order.

3.2. Substantial question of law No.3 was subject to production of the scheme, which has been produced before us.

3.3. Substantial question of law No.4 was rejected, as the Hon'ble Division Bench held that there has been an adjudication of the issue on the sale of scrap.

3.4. So far as the subsequent questions of law nos.5, 6, 7 and 8 are concerned, the same were admitted, since in the assessee's own case, similar questions were admitted in T.C. (A) No.350 of 2008.

4. The learned counsel for the assessee sought to canvass certain grounds with regard to substantial question of law no.1, which we cannot entertain, in the light of the above order. Thus, the following substantial questions of law alone arise for consideration:-

> "1. Whether on the facts and in the circumstances of the case the Income Tax Appellate Tribunal is right in law in confirming the disallowance of a sum of Rs.5,50,000/- being the reimbursement of expenditure incurred by the Managing Director?
>
> 2. Whether on the facts and in the circumstances of the case the Income Tax Appellate Tribunal is right in law in now allowing the entire compensation paid to its employees on termination of their services as an allowable expenditure?
>
> 3. Whether on the facts and in the circumstances of the case the Income Tax Appellate Tribunal is right in law in allowing the claim relating to scrap and other sales in computing the relief under section 80HHC of the Act?
>
> 4. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in not accepting the inclusion of the following amounts in computing deduction under Section 80 IB of the Act:
>
> a) Commission
> b) Receipts from contractors
> c) Margin money
> d) Octroi
>
> 5. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in law in confirming the assessment of the interest received from staff as the appellant's income?
>
> 6. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is right in treating the entire interest received from employees as exempt under Section 80IB of the Act?"

5. So far as the substantial question of law no.3 is concerned, though it is observed in the above order that such a question was admitted in T.C. (A) No.350 of 2008, we find that the same has not been admitted. Therefore, we will have to decide the said question of law separately.

6. So far as the remaining substantial questions of law are concerned, substantial questions of law nos.5 and 6 are fully covered by the decision in the assessee's own case in T.C. (A) Nos.349 and 350 of 2008 dated 02.11.2018. The operative portions of judgment read as follows:-

48. In Liberty India vs. Commissioner of Income-tax [(2009) 183 Taxman 349 (SC)], the assessee claimed deduction under Section 80IB on the increased profits earned/derived on account of Duty Entitlement Passbook (DEPB) Scheme and Duty Drawback Scheme. The Assessing Officer denied the deduction on the ground that the said two benefits constituted export incentives and that they did not represent profits derived from an industrial undertaking. We have to consider as to what would be the appropriate test.

49. In Madras Motors Ltd. (supra), the Division Bench held that the true test would be whether such interest would be available to the assessee otherwise also, as in the said case, the assessee earned interest on belated payments from purchase of products and if the answer to the question is in the negative, the assessee would be entitled for the deduction. Admittedly, the assessee does not carry on the business of financing for housing loan and or for vehicles. The benefit/concession is extended to the employees of the assessee as a part of a labour welfare package.

50. It is not disputed by the Revenue that the assessee borrows amounts from the bank at a higher rate of interest and extends housing and vehicle loans to its employees at subsidised rates. Thus, these loans and advances being incentives to the employees, has to be held to be directly relatable to the interest of industrial undertaking.

51. With regard to the advances paid to the suppliers, the CIT(A) was of the view that the assessee would get a discount on account of payment of such advances. On the other hand, the assessee has been able to establish that on account of payment of advances, the supplies are done promptly, which is directly relatable to the business of the industrial undertaking. Furthermore, it is also a commercially prudent decision to enable the industrial undertaking to efficiently function to generate better returns.

"52. In Arul Mariammal Textiles Limited (supra), we had an occasion to consider similar issue and after taking note of several decisions on the point, decided the question in favour of the assessee holding that the interest income earned by the assessee is merely incidental and not the prime purpose of doing the act in question. In this regard, it would be useful to take note of the operative portions of the judgment, which read as follows:-

“10. As may be seen from the impugned order passed by the Tribunal, the Tribunal reiterated its earlier order dated 17.03.2006, wherein, the Revenue's appeal was allowed and even at that stage, the Assessee did not appear before the Tribunal. The Tribunal followed the decision in Pandian Chemical's case and held that the Assessee is not entitled for deduction under Section 80 IA of the Act. The application filed by the Assessee to recall the said order was allowed and the Tribunal afforded one more opportunity to the Assessee. Nevertheless, the Assessee appeared before the Tribunal and sought for adjournment, which in the opinion of the Tribunal was a delaying tactics and accordingly, it reiterated its order dated 17.03.2006 and held that the interest earned from bank deposit for the purpose of margin money do not qualify for deduction. In other words, it is held that Pandian Chemical's case will hold the field and accordingly, allowed the Revenue's appeal.

11. Thus, we are first required to examine as to whether the decision in Pandian Chemical's case would apply to the facts and circumstances of the case. In preceding paragraphs, we have referred to the factual position of the Assessee's case. The margin money by way of fixed deposit was available with the Assessee's bankers so as to enable the Bank to open a Foreign Letter of Credit, which was essential for the purpose of import of critical components for the purpose of manufacture of the wind mill for generation of electricity.

12. Firstly, we note that the case of Pandian Chemical's arose out of a claim under Section 80HH of the Act. The Assessee therein had made deposits with the Tamil Nadu Electricity Board, which had earned interest. The question arose was whether interest on deposits with the Tamil Nadu Electricity Board should be treated as income derived on the part of the industrial undertaking for the purpose of Section 80HH of the Act?

13. The Supreme Court referred to the decision of the Privy Council in the case of CIT V. Raja Bahadu Kamakhaya Narayan Singh, (1948) 16 ITR 325 (PC), and held that the although electricity may be required for the purposes of an industrial undertaking, the deposit required for its supply is a step removed from the business of the industrial undertaking and the

derivation of profits on deposits made with the Electricity Board cannot be said to flow directly from the industrial undertaking itself.

14. Firstly, we note that Section 80I, 80IA and 80IB have a common scheme and from the reading of those Sections it is clear that the said sections provide for incentive in the form of deduction(s), which are linked to the profits and not to investment, whereas, in the other provisions, namely, Sections 80H, 80HH, 80HHA, 80HHB, 80 HHBA and 80HHC, the scheme is different. In fact, this distinction was noticed by a Division Bench of the Kerala High Court in K.Ravindranathan Nair V. DCIT, (2003) 262 ITR 669 (Ker), wherein, the Court, while considering the decision of the Hon'ble Apex Court in Karnal Co-operative Sugar Mills Limited, pointed out that the said decision was not rendered in the context of all the provisions of Section 80HHC of the Act, as the decision in Karnal Co-operative Sugar Mills Limited followed the decision in the case of CIT V. Bokaro Steels Limited, (1999) 236 ITR 315 (SC). In Karnal Cooperative Sugar Mills Limited, the deposit of money was directly linked with the purchase of plant and machinery and therefore, it was held that any income earned on such deposit was incidental to the acquisition of assets for the setting up of plant and machinery. Therefore, in our view, the Tribunal committed an error in allowing the Revenue's appeal by merely placing reliance on the decision in the case of Pandian Chemical's, which arose out of a case under Section 80HH of the Act and this error committed by the Tribunal goes to the root of the matter affecting the very correctness of the order passed by the Tribunal.

15. In the case of CIT V. M/s.T.T.G. Industries Limited, 2012 SCC Online 1691, the question arose was whether the service charges for maintenance, charges for transportation, etc., to be included as profits and gains of an industrial undertaking for the purpose of computation of deduction under Section 80IA of the Act. The Court, after taking note of the decision in the case of Liberty India, pointed out that Section 80IA/80IB of the Act, has a common scheme and a reading of Section 80IA makes it clear that the only requirement for the applicability is deriving of income by an undertaking or an enterprise from any business

referred to in sub section (4) and thus, any profits and gains derived from an industrial undertaking from any business would qualify for deduction under Section 80IA of the Act. In our view, the decision rendered in the case of T.T.G. Industries Limited would squarely apply to the case on hand.

16. In the case of Priviera Home Furnishing V. Additional CIT, (2016) 237 Taxmann 520 (Delhi), the Assessee has stated that the interest on Fixed Deposit Receipts was received as margin money kept in the bank for utilization of Letter of Credit and Bank Guarantee limits and the Court held that the decision of the Tribunal that such interest bears the requisite characteristic of business income and has nexus to the business activities of the assessee cannot be faulted with. This decision also supports the case of the Assessee.

17. Equally, the decision in the case of CIT V. Shah Alloys Limited, (2017) 396 ITR 0711 (Guj), where, the Assessee had deposited money to open a Letter of Credit for the purchase of the machinery required for setting up its plant in terms of the agreement with the supplier and the money so deposited earned some interest, which was claimed as deduction. The Court held that it is not the case, where, any surplus share capital money, which is lying idle has been deposited in the bank for the purpose of earning interest and the deposit of money is directly linked with the purchase of plant and machinery. Accordingly, the Court answered the question in favour of the Assessee.

18. In the case of CIT V. Shree Rama Multi Tech Limited, 2018 SCC Online SC 433, the Court, after taking note of various decisions including that of Bokaro Steel Limited and Karnal Cooperative Sugar Mills Limited, held as follows :

> "12. The common rationale that is followed in all these judgement is that if there is any surplus money which is lying idle and it has been deposited in the bank for the purpose of earning interest then it is liable to be taxed as income from other sources but if the income accrued is merely incidental and not the prime purpose of doing the act in question which resulted into accrual of some additional income then the income is not liable to be assessed and is eligible to be

claimed as deduction. Putting the above rationale in terms of the present case, if the share application money that is received is deposited in the bank in light of the statutory mandatory requirement then the accrued interest is not liable to be taxed and is eligible for deduction against the public issue expenses. The issue of share relates to capital structure of the company and hence expenses incurred in connection with the issue of shares are to be capitalized because the purpose of such deposit is not to make some additional income but to comply with the statutory requirement, and interest accrued on such deposit is merely incidental. In the present case, the responsibilities was statutorily required to keep the share application money in the bank till the allotment of shares was complete. In that sense, we are of the view that the High Court was right in holding that the interest accrued to such deposit of money in the bank is liable to be set-off against the public issue expenses that the company has incurred as the interest earned was inextricably linked with requirement of the company to raise share capital and was thus adjustable towards the expenditure involved for the share issue."

19. In the above referred decision, the Court analysed the purpose of deposit and held that it was not for some additional income, but to comply with the statutory requirements and the interest accrued on such deposit is merely incidental. In our considered view, this will be the right test to be applied to the case on hand and essentially, the answer to the substantial question should be in favour of the Assessee.

20. In the case of CIT V. Jaypee DSC Ventures Ltd., CDJ 2011 DHC 308, the Court held that the deposit made by the Assessee was not the surplus money lying idle with it to earn interest, but it was the amount of interest earned from fixed deposit, which was kept in the bank for the purpose of furnishing the Bank Guarantee. In our view, this decision also will enure in favour of the Assessee.

21. Equally is the decision in the case of CIT V. Paramount Premises (P) Ltd., (1991) 190 ITR 259 (Bom), wherein, analysing the purpose, for which, the deposits were made by the Assessee and the interest earned thereon, the

Bombay High Court affirmed the view of the Tribunal to the effect that the entire interest earned from the business activity of the Assessee and did not arise out of any independent activity.

22. The sheet-anchor of the submission of the learned counsel for the Revenue is based on the decision of the High Court of Himachal Pradesh in Himachal Futuristic Communication Ltd. V. CIT, (2014) 42 taxmann.com 179 (HP). Firstly, we may point out that there were two types of transactions, one by way of margin money for the purpose of purchase of raw material and the other by furnishing Bank Guarantee for due performance of the contract of sale to manufacture of goods. The question arose as to whether the same cannot be treated as income derived from the business, as such. The Court referred to the decision of the Apex Court in Liberty India (supra) and culled out the legal principle evolved therein stating that the profit must be generated from the business activity or operational profits. No more or no less. In fact, in paragraph 4 of the decision, the Court pointed out that the interpretation of Section 80HHC of the Act was entirely different, as it was a self-contained Code by itself. However, so far as the facts of the said case are concerned, the Court held that the expenditure incurred cannot be treated as a first source of income, which is the quintessence for attracting the benefit and incentive provided under Section 80IA of the Act. It was found that the monies, which were given by the Assessee, were towards performance guarantee and certain margin money for purchasing raw material. The Court, however, has not elaborated upon the facts of the decision of the Hon'ble Apex Court in Karnal Co-operative Sugar Mills Limited (supra) and Bokaro Steel Limited (supra) and on facts, we find that the said decision of the High Court of Himachal Pradesh cannot be applied to the facts and circumstances of the case on hand.

23. So far as the decision in the case of Liberty India (supra) is concerned, the same would not apply to the facts of present case, because the said decision arouse out of a drawback incentive, which was on account of a scheme framed by the Central Government and the Court held that the incentive profits are not

profits derived from eligible business under Section 80IB of the Act and they belong to the category of ancillary profits of such undertakings. Therefore, on facts, learned counsel for the Revenue cannot place reliance on the case of Liberty India (supra) to deny the benefit to the Assessee.

24. So far as the decision in the case of Cyber Pearl IT Park Limited, the Court, after taking into consideration various decisions, pointed out that in order to come to a conclusion as to whether such profits or gains, that is, income would be amenable to deduction, the effective source of income is to be looked at. Thus, essential factual matrix needs to be looked to arrive at a conclusion as to the effective source from which such income earned and if it is found that it is derived from secondary source, it is not the effective source, which falls outside the purview of such like provision, which provides for deduction.

25. In the instant case, the requirement of the Assessee to furnish the fixed deposit was a pre-condition to enable the Assessee to open a foreign Letter of Credit for the purpose of import of critical components for the manufacture of wind mill. This incidentally had earned some interest. As pointed out by the Hon'ble Supreme Court in Shree Rama Multi Tech Limited, it is not the Assessee's surplus money, which was deposited by way of fixed deposit, which had earned interest ; on the contrary, it was a pre-condition for the purchaser/Assessee to enable him to import the critical component for the purpose of manufacturing. Furthermore, it is not the case of the Revenue that the amount was deposited in fixed deposit solely for the purpose of earning interest nor it is the case of the Revenue that the amount, which was deposited in fixed deposit was a surplus money, which was lying idle in the hands of the Assessee. Therefore, whatever income accrued is merely incidental and not the prime purpose of doing the act in question, which resulted into accrual of some additional income and therefore, the said income is not liable to be assessed and is eligible to be claimed as deduction.”

53. In the light of the above discussion, we

are of the considered view that the substantial questions of law framed for consideration have to be answered in favour of the assessee. Accordingly, the same are answered.

54. In the result, T.C.(A) Nos.349 and 350 of 2008 are allowed and the substantial questions of law are answered in favour of the appellant/assessee. No costs.”

6.1. Accordingly, substantial questions of law nos.5 and 6 are answered in favour of the assessee.

7. So far as the substantial question of law no.4 is concerned, the assessee had claimed deduction under four heads, namely,

a) Commission
b) Receipts from contractors
c) Margin money
d) Octroi

7.1. Of the above four, we are of the clear view that the receipts from contractors for belated payment would be related to the business activity of the appellant/assessee. Therefore, the assessee would be entitled to claim deduction under Section 80IB. Similarly, margin money was provided for the purpose of bank guarantee for certain customers and also to the Customs Department, and therefore, these are also relatable to the business activity of the appellant.

7.2. So far as octroi is concerned, if the goods manufactured by the appellant are entered into the State of Maharashtra, it is duty bound to pay octroi charges. The octroi charges are similar to delivery charges, which are recovered. These form part of business income for the purpose of Section 80IB. Thus, the assessee is entitled for deduction under Section 80IB for receipts of contractors, margin money and octroi.

7.3. So far as commission is concerned, we find that the commission received by the assessee is from the sale of products manufactured by Chevron to the customers of the appellant in India. The assessee would claim that the products sold by Chevron to their customers are identical to those manufactured in the industrial undertaking and manufactured using the same technology as used by the assessee-company. This, in our considered view, can at no stage be qualified for deduction under Section 80IB of the Act.

7.4. It appears that this commission was given to the assessee by the Chevron because of some reason. Though they are not able to supply their customers, supplies have been effected through the Chevron. Therefore, probably a commission is paid to the assessee for the purpose of notifying the customer, who is in the need of manufacturer. Therefore, the Tribunal as well as the authority is right in rejecting the claim for deduction under Section 80IB for the commission received by the assessee from Chevron.

7.5. Accordingly, substantial question of law no.4 is answered in the above terms.

8. The next question to be decided is substantial question of law no.1. It pertains to disallowance of a sum of Rs.5,50,000/-, which was reimbursed by way of expenditure incurred by the Managing Director. It appears that relevant documents were not placed before the Tribunal. While admitting the appeal, the Hon'ble Division Bench, by order dated 19.01.2009, referred above, granted liberty to the assessee to place those documents before the Court. Accordingly, the learned counsel for the appellant placed relevant documents and in particular, the revision of terms and conditions of the Managing Director to include fees as perquisites.

8.1. The Agenda Note placed before the Board by circulation during July 2001 provided for the expenditure of children studying in or outside of India and reimbursement of education expenditure incurred by the employees, who were expatriates. This was approved by the Board. Thus, we find that the expenses incurred by the Managing Director was for the education of his son, who is appeared to have pursued his school in the American International School, Chennai. Therefore, we find that the assessee would be entitled to the allowance for a sum of Rs.5,50,000/- being the reimbursement of expenditure incurred by the Managing Director. Hence, substantial question of law no.1 is answered in favour of the assessee.

8.2. The above finding is further strengthened by the factual aspect, that is, there was an amendment to the Joint Venture Agreement pertaining to the reimbursement of all cost for the Managing Director, which includes his salary, allowance and benefits as a seconded Chevron employee. This amendment was the subject matter of the agenda note, which was approved by the Board. Therefore, the disallowance of the said amount was incorrect. Hence, substantial question of law no.1 is answered in favour of the assessee.

9. Substantial question of law No.2 relates to not allowing the entire compensation paid to its employees on termination of their services. On a perusal of the assessment order, we find that the Assessing Officer took note of the fact that during the year under consideration, the assessee claimed expenditure of Rs.2,01,06,015/- and Rs.49,150/- on account of a scheme by which, the employees were retired before superannuation. The Assessing Officer examined the scheme and found that though it is titled as “Voluntary Separation Scheme”, in fact, it is equal to Voluntary Retirement Scheme. Therefore, by Section 35DDA of the Act, deduction to the expenditure of $1/5^{th}$ share was allowed. We have perused the said claim. Though the scheme titled as Supervisors' Separation Scheme and it gives

discretion to the management to apply the benefits of the scheme to any supervisory employee, the sum and substance of the scheme is a retirement scheme. In all such voluntary retirement schemes, right of the employee to accept or refuse to accept the voluntary retirement is always preserved. Therefore, what is required to examine is the factum of the scheme and not the title given to the scheme. Therefore, we find that the finding of the Assessing Officer is perfectly valid and the Tribunal has rightly confirmed the same. Accordingly, substantial question of law no.2 is answered against the assessee.

10. So far as the substantial question of law no.3 is concerned, it pertains to whether the claim relating to scrap is to be considered for computing the relief under Section 80HHC. The Assessing Officer after considering the factual matrix, held that the scrap sale is a byproduct in the manufacturing process and therefore, it has to be added to the total turnover and it cannot be netted against any other expenditure. This was considered by the CIT(A) in its order and it was held that sale of scrap should not be included as a part of total turnover, since the profit on account of sale of scrap is included in eligible business profits, the gross sales pertaining to such items are required to be included in the total turnover and therefore, held against the assessee. The Tribunal also concurred with the Assessing Officer and the lower appellate authority, and taking note of the decision of the Hon'ble Supreme Court in the case of CIT vs. Ravindranathan Nair reported in 295 ITR 228, rejected the contention advanced by the assessee. We do not find any ground to interfere with the findings recorded by the authorities, as confirmed by the Tribunal.

11. Accordingly, substantial question of law no.3 is answered against the assessee.

12. In the result, the appeal is partly allowed to the extent indicated above. No costs.

s/d-
Assistant Registrar

True Copy

Sub-Assistant Registrar

abr

To

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

2. The Commissioner of Income Tax (Appeals)III
121 Mahathma Gandhi Road
Chennai 34.

3. The Assistant Commissioner of Income Tax
Company Circle II(3)
Chennai 34.

+1 CC to Muthukumar, Advocate sr 78953(14/06/2019)

Tax Case (A) No.1943 of 2008

SS(CO)
SP(19/12/2018)