IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 02.11.2018

CORAM :

THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM
and
THE HONOURABLE MRS.JUSTICE V.BHAVANI SUBBAROYAN

Tax Case (Appeal) Nos.764 and 765 of 2008

The Commissioner of Income-tax,
Tamil Nadu-I, Madras. ... Appellant in both the Appeals

-vs-

M/s.Parma And Vijay Investment &
Finance Company Pvt., Ltd.,
No.3, Vijayaraghava Road,
T.Nagar, Chennai-600 017.... Respondent in both the Appeals

Tax Case (Appeals) filed under Section 260A of the Income Tax Act, 1961 against the common order of the Income Tax Appellate Tribunal 'B' Bench, Chennai, dated 07.09.2007 in I.T.A.Nos.398 and 399/Mds/2007 for the assessment years 1998-99 and 1999-2000 respectively against the order of commisioner of income tax (Appeals)-V,121,Mahathma Gandhi Road, Chennai. 600034. for the ITA.NO.411/2005-2006 & ITA.NO.412 /2005-2006 dt.26/10/2006 for the Assessment year 1998-1999 and 1999 -2000 against the order of the Income Tax Department ,Company circle V(1), Chennai. 34 for the PAN /GIR NO.AAACP3722H/51074-P dt .30.11.2005 for the Assessment year 1998-1999 and 1999-2000.

For Appellant : Mr.T.Ravikumar
(in both the Appeals) Senior Standing Counsel

For Respondent : No Appearance
(in both the Appeals)

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

These appeals, by the appellant/Revenue, are directed against the common order passed by the Income Tax Appellate Tribunal 'B' Bench, Chennai, dated 07.09.2007 in I.T.A.Nos.398 and 399/Mds/2007 for the assessment years 1998-99 and 1999-2000 respectively.

2.Heard Mr.T.Ravikumar, learned Senior Standing Counsel for the Revenue.

3.The above appeals have been admitted, on 08.07.2008, on the following substantial questions of law:-

> “(i) Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in law in deleting the addition on account of interest under section 14A of the Income Tax Act, 1961 and allowing the expenditure under section 37 of the Income Tax Act is valid?
>
> (ii) Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in law in deleting the interest under section 234-D of the Income Tax Act, is valid?”

4.We have perused the order of Assessment as well as the Order passed by the Commissioner of Income Tax (Appeals) and we find that the tax effect in these appeals 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 these appeals in view of the low tax effect. Hence, the appeals are dismissed and the substantial questions of law, framed for consideration, are left open. The Revenue is at liberty to seek for restoration of appeals 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.

Sd/-/-
Assistant Registrar(CS ix)

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Sub Assistant Registrar

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abr

To

The Income Tax Appellate Tribunal Chennai 'B' Bench.
2.The Commisioner of incoem Tax, Tamil Nadu I, madras.
3.The commisioner of income tax (Appeals)-V,121,Mahathma Gandhi Road, Chennai. 600034.

4.The Income Tax Department ,Company circle V(1), Chennai. 34
5.The Assistant Registrar, Income tax Appellate Tribunal , III RD FLOOR, Rajaji Bhawan, Besant Nagar Chennai. 90.

+1cc to Mr.M.Swaminathan, Advocate SR.No. 76137
+1cc to Mr.T.Ravikumar , Advocate SR.No. 75747

T.C.(A) Nos.764 and 765 of 2008

ASK(19/12/2018)

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