IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 19.12.2018

CORAM

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

Tax Case (Appeal) No.430 of 2011

The Commissioner of Income Tax,
Coimbatore. ... Appellant

-vs-

Revathy CP Equipments Ltd.,
Coimbatore ... 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 17.04.2001, passed in I.T.A.No.1953/92 for the assessment year 1989-90.against the order of the Income Tax Appellate Tribunal madras a bench dated:17/04/2001 in ITA.No.1953 of 1992 assessment year 1989-90. against the order of the Commissioner of Income Tax(Appeals) Coimbatore dated:24/06/1992 in ITA.No.250-c /92-93 in the Assessment year 1989-90.against the order of the Deputy Commissioner of Income Tax Special Range-II Coimbatore dated:30/03/1992 CV-3183/SRII/CBE in the Assessment year-1989-90.

For Appellant : Mr.T.R.Senthil Kumar
Senior Standing Counsel
For Respondent : Mr.M.P.Senthil Kumar

JUDGMENT
(Judgment was delivered by T.S.Sivagnanam, J.)

This appeal by the appellant/Revenue is directed against the order of the Income-tax Appellate Tribunal, "A" Bench, Chennai, dated 17.04.2001, passed in I.T.A.No.1953/92 for the assessment year 1989-90.

2.Heard Mr.T.R.Senthil Kumar, learned Senior Standing Counsel for the appellant/Revenue and Mr.M.P.Senthil Kumar, learned counsel for the respondent/assessee.

3.This Appeal has been admitted on 24.02.2011, on the following substantial question of law:-

> "Whether in the facts and circumstances of the case, the Tribunal was right in law in holding that the provision for liability that is non est, which was credited to profit and loss account is allowable?"

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, the 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(CCC)

//True Copy//

Sub Assistant Registrar

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To

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

2.The Commissioner of Income Tax Appeals
Coimbatore.

3.The Deputy Commissioner of Income Tax,
Special Range-II Coimbatore.

+1cc to Mr.N.Muthukumar, Advocate, S.R.No.88584
+1cc to Mr.T.R.Senthilkumar, Advocate, S.R.No.88710

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MG(CO)
GSP(28/01/2019)