IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 26.11.2018

CORAM

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

Tax Case (Appeal) No.70 of 2011

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

-vs-

Shri K.Ravi ... 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 17.02.2006, passed in I.T. (SS)A.No.114/Mds/2001 for the block assessment period 01.04.1988 to 06.08.1998. against the Order of the Deputy Commissioner of Income Tax, City Circle VII, (INV), Chennai 34 dated 19.05.2000 and made in PAN/GIR.No 733-R for the Assessment year Block Assessment Period 01.04.88 to 06.08.1998.

For Appellant : M/s.V.Pushpa
Standing Counsel

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 17.02.2006, passed in I.T.(SS)A.No.114/Mds/2001 for the block assessment period 01.04.1988 to 06.08.1998.

2.Heard M/s.V.Pushpa, learned Standing Counsel for the appellant/Revenue.

3.This Appeal has been admitted on 01.03.2011, on the following substantial questions of law:-

> "1.Whether in the facts and circumstances of the case, the Tribunal had enough material to delete the addition to the cost of construction?
>
> 2.Whether the Tribunal was right in holding that the books of accounts were properly

maintained by the assessee when no such books of accounts were found during the search operation?

3.Whether the Tribunal was right in holding as disclosed the recordings in the books of accounts not found during search?

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

//True Copy//

Sub Assistant Registrar

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To

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

2.The Deputy Commissioner of Income Tax,
City Circle VII (INV), Chennai - 34.

3. The Commissioner of Income Tax,
Chennai.

+1cc to Mr.M.Swaminathan, V.Pushpa, Senior counsel, S.R.No.80339

Tax Case (Appeal) No.70 of 2011

SV(CO)
GN(19/12/2018)