IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 01.11.2018

CORAM

THE HONOURABLE MR.JUSTICE HULUVADI G.RAMESH
AND
THE HONOURABLE MR.JUSTICE K.KALYANASUNDARAM

Tax Case Appeal No.1 of 2018

The Commissioner of Income tax,
Chennai. ... Appellant/Respondent

-vs-

M/s.Tamil Nadu Urban Development Fund,
No.19, T.P.Scheme Road,
Raja Street Extension,
Raja Annamalaipuram,
Chennai-600 028. ... Respondent/Appellant

Appeal filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, Madras 'A' Bench, Chennai, dated 09.05.2017 made in ITA No.2550/Mds/2016 against the order passed by the Commissioner of income tax (Appeals)-2, Chennai 600 034 dated 30.06.2016 made in ITA.No.61/CTI(A)-2/2014-25 for the Assessment year dated 2011-12 and against the order passed by the Deputy Commissioner of Income Tax, Business Circle-II, Chennai dated 26.03.2014 made in PAN.No/GIR.AAATT0859N. for the Assessment year 2011-12.

For Appellant :: Mr.T.Ravikumar,
Standing Counsel

For Respondent :: Ms.G.Vardini Karthik for
Mr.Arun Kurian Joseph

JUDGMENT
(Delivered by HULUVADI G.RAMESH, J.)

This Tax Case Appeal has been filed by the Revenue calling in question the correctness of the order passed by the Income Tax Appellate Tribunal, Madras 'A' Bench, Chennai, dated 09.05.2017 made in ITA No.2550/Mds/2016, and the same was admitted by this Court on 27.02.2018 on the following substantial question of law:

"Whether the Tribunal was right in holding that no disallowance is to be made under Section 14A of the Income Tax Act, 1961, in respect of interest expenditure made on borrowed funds on the ground that the assessee had own funds when the provisions of Act and Rule 8D does not provide for any such exception?”

2.When the matter is taken up for admission, the learned Standing Counsel appearing for the appellant brought to our notice the Circular instruction issued by the Central Board of Direct Taxes vide Circular No.3/2018 dated 11.07.2018 wherein it is stipulated that appeals shall not be filed/pursued by the Department before the High Court in cases where the tax effect does not exceed Rs.50 lakhs.

3. In the instant case, the tax effect is less than the monetary limit imposed and therefore, the appeal is dismissed as not pressed, preserving the substantial question of law for determination in an appropriate case. No costs.

Sd/-
Assistant Registrar(CS-V)

//True Copy//

Sub Assistant Registrar

KM
To

1. The Income Tax Appellate Tribunal,
Madras 'A' Bench, Chennai.
2. The Commissioner of Income Tax(Appeals)-2,
Chennai-34.
3. The Deputy Commissioner of Income Tax
Business Circle-II, Chennai.

+ 1 cc to Mr.T. Ravikumar, Advocate Sr.75605
+ 1 cc to M/s. Arun Kumar, Advocate Sr.76066

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SR(CO)
EU(04/12/2018)