IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 27.08.2018

CORAM

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

Tax Case (Appeal) No.132 of 2007

Commissioner of Income Tax,
Chennai. ... Appellant

-vs-

Upasana Finance Ltd.,
96/1 Luz Church Road,
Chennai-600 004 ... Respondent

Tax Case (Appeal) filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal Madras 'B' Bench, Chennai dated 20.01.2006 in I.T.A.No.1325/Mds/99 for the assessment year 1996-97 preferred against the order of the Commissioner of Income Tax (Appeals) X, Chennai made in I.T.Appeal No.ITA.76/99-2000, dt.5.7.1999 and filed against the order of the Joint Commissioner of Income Tax, Spl.Range XI, Chennai in GIR.No.4-U, dt.26.3.1999.

For Appellant : Mr.M.Swaminathan,
Standing Counsel

For Respondent : No Appearance

JUDGMENT
[Delivered by T.S.Sivagnanam, J.]

This appeal, by the Revenue, is directed against the order passed by the Income Tax Appellate Tribunal Madras 'B' Bench, Chennai, in I.T.A.No.1325/Mds/99 for the assessment year 1996-97 dated 20.01.2006.

2.The above appeal has been admitted on the following substantial questions of law.

> "1.Whether in the facts and circumstances of the case, the Tribunal was right in deleting the hire purchase and lease rentals accrued on "non-performing assets"?

2.Whether in the facts and circumstances of the case, the Tribunal was right in holding that the assessee can be allowed to account for income from non-performing assets alone on a cash basis, when it is following a mercantile system of accounting, and hybrid system is not allowed under the Income Tax Act?”

3.Before we examine the questions of law, we first peruse the material papers to ascertain the tax effect in the instant case. From the assessment order dated 26.03.1999, we find that the tax effect is only Rupees 46,85,013/-, which is less than the threshold limit prescribed under the circular issued by the Central Board of Direct Taxes dated 11.07.2018.

4.Thus, on the said ground alone, this appeal is dismissed and the substantial questions of law are left open. No costs.

Sd/-
Assistant Registrar(CS IX)

//True Copy//

Sub Assistant Registrar

abr/tta

To

1.The Commissioner of Income Tax, Chennai.

2.The Income Tax Appellate Tribunal Madras 'B' Bench, Chennai.

3.The Joint Commissioner of Income-tax,
Spl. Range XI, Chennai.

4.The Commissioner of Income Tax (Appeals) X
Chennai.

+1cc to M/s.M.Swaminathan, Advocate Sr.No.58965

CP(CO)
sM:18.9.2018