In the High Court of Judicature at Madras

Dated : 19.8.2019

Coram :

The Honourable Mr.Justice T.S.SIVAGNANAM
and
The Honourable Mrs.Justice V.BHAVANI SUBBAROYAN

Tax Case Appeal No.1118 of 2010

Commissioner of Income Tax,
Chennai ...Appellant

Vs

M/s.W.S.Industries (India)
Ltd., Chennai-116. ...
Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 21.8.2009 made in ITA.No.1373/Mds/2008 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2004-05., as against the order of the commissioner of Income tax (Appeals)-VIII, Chennai made in ITA No.298/2007-2008 dated 28.3.2008., as against the order of the Income Tax-Officer Company Ward III(I), Chennai-34 assessment year 2004-05 dated 31.03.2004 GIR No/PAN AAACW0572E.

For Appellant:Mr.M.Swaminathan, SSC, assisted by
Ms.V.Pushpa, SC
Respondent :served and no appearance

Judgment was delivered by T.S.Sivagnanam,J

We have heard Mr.M.Swaminathan, learned Senior Standing Counsel, assisted by Ms.V.Pushpa, learned Standing Counsel appearing for the appellant - Revenue.

2. This appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 is directed against the order dated 21.8.2009 made in ITA.No. 1373/Mds/2008 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2004-05.

3. The appeal was admitted on 10.1.2011 on the following substantial question of law :

"Whether, on the facts and circumstances of the case, the Tribunal was right in holding that the guarantee payments of Rs.13.07 Crores made by the assessee to the banks and other parties on behalf of its subsidiary company is for the purpose of assessee's business is allowable as deduction?"

4. The learned Senior Standing Counsel for the appellant submits that the above appeal is not pursued by the Revenue on account of the low tax effect in terms of Circular No.17/2019 dated 08.8.2019 issued by the Central Board of Direct Taxes. By the said Circular, the monetary limit for filing or pursuing an appeal before the High Court has been increased to Rs.1 Crore. It is further submitted that the tax effect in this case is less than the threshold limit.

5. In the light of the said submissions, the above tax case appeal is dismissed on account of the low tax effect. The substantial question of law framed is left open. In the event the tax effect is above the threshold limit fixed in the said circular, liberty is granted to the Revenue to make a mention to this Court to restore the appeal to be heard and decided on merits.

Sd/-
Assistant Registrar

//True Copy//
Sub Assistant Registrar

RS
To
1.The Income Tax Appellate Tribunal, Chennai 'C' Bench.

2.The Commissioner of Income Tax Appeal VIII,
Chennai.

3.The Income Tax Officer Company Ward III(1)
Chennai-34.

+1cc to M/s.M.Swaminathan, Advocate SR.70419
+1cc to M/s.SubbarayaAiyar, Advocate SR.70475

TCA.No.1118 of 2010

CNR(CO)
CB(15/10/2019)