IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 21.8.2019

Coram :

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

Tax Case Appeal Nos.224 & 225 of 2012

Commissioner of Income Tax,
Chennai ...Appellant

Vs

R.K.Swamy BBDO Advertising
Ltd., Chennai-6. ...Respondent

APPEALS under Section 260A of the Income Tax Act, 1961 against the common order dated 21.2.2012 made in ITA.Nos.1249 & 1250/Mds/2010 on the file of the Income Tax Appellate Tribunal, Chennai 'A' Bench respectively for the assessment years 2005-06 and 2006-07, and against the order dated 10/05/2010 and 10/05/2010 and made in ITA.Nos.444/2007-08 and 341/08-09 on the file of the Commissioner of Income Tax (Appeals)V, Chennai -34 respectively and against the order dated 26/12/2007 and 23/12/2008 and made in PAN.Nos.AACCR3551L and AACCR8551L on the file of the Additional Commissioner of Income Tax Company Range V, Chennai and Assistant Commissioner of Income Tax Company Circle V(4), Chennai respectively.

For Appellant: Mr.M.Swaminathan, SSC assisted by
Ms.V.Pushpa, SC
For Respondent: Mr.A.S.Sriraman
for Mr.S.Sridhar

COMMON JUDGMENT
(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 and Mr.A.S.Sriraman, learned counsel appearing for the respondent – assessee.

2. These appeals, filed by the Revenue under Section 260A of the Income Tax Act, 1961, are directed against the common order dated 21.2.2012 made in ITA.Nos.1249 & 1250/Mds/2010 on the file of the Income Tax Appellate Tribunal, Chennai 'A' Bench respectively for the assessment years 2005-06 and 2006-07.

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3. The appeals were admitted on 08.8.2012 on the following substantial questions of law :

> "i. Whether, on the facts and circumstances of the case, the Tribunal was right in deleting the disallowance of excess rent paid by the assessee herein towards its sister companies with respect to its properties at Mumbai and Delhi, when the excess rent was computed by taking the comparative fair market rent payable for the properties at Mumbai and Delhi ? and
>
> ii. Whether, on the facts and circumstances of the case, the Tribunal was right in deleting the disallowance of interest paid by the assessee towards borrowals from the bank when the assessee had lent its funds without interest to its sister concern ?"

4. The learned Senior Standing Counsel for the appellant submits that the above appeals are 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 the respective cases is less than the threshold limit.

5. In the light of the said submissions, the above tax case appeals are dismissed on account of the low tax effect. The substantial questions of law framed are left open. In the event the tax effect in the respective cases 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 appeals to be heard and decided on merits. Consequently, the connected MP is also dismissed. No costs.

Sd/-
Assistant Registrar

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Sub Assistant Registrar

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To

1.The Income Tax Appellate Tribunal,
Chennai 'A' Bench.

2.The Commissioner of Income Tax,
Chennai.

3.The Commissioner of Income Tax(Appeals)V,
Chennai.

4.The Additional Commissioner of Income Tax
Company Range V, Chennai.

5.The Assistant Commissioner of Income Tax,
Company Circle V(4), Chennai.

+1 cc to M/s.M.Swaminathan,Advocate Sr.No. 72328
+1 cc to Mr.S.Sridhar, Advocate Sr.No.71126

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TCA.Nos.224 & 225 of 2012

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