IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 27.08.2019

CORAM :

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

TAX CASE APPEAL NO.216 OF 2015

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

Vs

M/s.BNT Connections Impex Ltd.,
No.41, K.K.R. Avenue, Moolakadai,
Perambur, Chennai - 600 011. ...Respondent/Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 20.03.2014 made in ITA.No.1466/MDS/2013 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2009-10 against the Order of the Commissioner of Income Tax (Appeals)-III, Chennai -34, dated 22.03.2013 made in ITA No.340/11-12/A-III and against the Order of the Assistant Commissioner of Income Tax, Company Circle-I (2), Chennai-34.

For Appellant : Mr.T.Ravikumar, SSC
and Ms.R.Hemalatha, SSC

For Respondent : Mr.R.Sivaraman

JUDGMENT
(Judgment was delivered by T.S.Sivagnanam,J.)

We have heard Mr.T.Ravikumar, learned Senior Standing Counsel, and Ms.R.Hemalatha, learned Senior Standing Counsel appearing for the appellant/revenue and Mr.R.Sivaraman, learned counsel appearing for the respondent/assessee.

2.This appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 is directed against the order dated 20.03.2014 made in ITA.No.1466/MDS/2013 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2009-10.

3.The appeal was admitted on 09.06.2015 on the following substantial questions of law :

> "1) Whether on the facts and circumstances of the case, the Tribunal was right in deleting the disallowance of interest made under Section 36(1)(iii)?
>
> 2) Is not the finding of the Tribunal bad especially when it had deleted the disallowance of interest made under Section 36(1)(iii) the assessee company itself was in need of fund and had to sell a property for paying the outstanding dues and there was no direct nexus between the borrowing and advances made?
>
> 3) Whether the Tribunal was right in deleting the disallowance of interest especially when there was no compelling necessity for the assessee to Advance interest free loans out of borrowed funds that too in unproduction investments?"

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 questions of law framed are 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. No costs.

cse

Sd/-
Assistant Registrar

//True Copy//

Sub Assistant Registrar

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

2. The Commissioner of Income Tax,
Chennai -34,

3. The Commissioner of Income Tax (Appeals)-III,
Chennai-34.

4. 3. The Assistant Commissioner of Income Tax
Company Circle-I(2),
Chennai-34.

+1cc to Mr.T.Ravikumar, Advocate, SR.No.73352

Kak(15/10/2019)