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.541 of 2015

The Commissioner of Income Tax,
Chennai. ..Appellant

Vs

M/s.Farida Leatherware Pvt. Ltd.,
No.151/4, Mount Poonamallee Road,
Ramapuram, Chennai - 600 018. ...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 04.04.2014 made in ITA.No.2304/MDS/2013 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2006-07 against the Order dated 30.08.2013 made in ITA No.941/13-14 on the file of the Commissioner of Income Tax (Appeals)-IV, Chennai -34 for the Assessment Year 2006-07 against the Order dated 23.12.2008 made in PAN AAA CF 4708P on the file of the Deputy Commissioner of Income Tax Company Circle- II,(1), Chennai-34, for the Assessment Year 2006-07.

For Appellant : Mr.Karthik Ranganathan,
SSC assisted by
Mr.S.Rajesh, SC

For Respondent: Mr.G.Baskar

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

We have heard Mr.Karthik Ranganathan, learned Senior Standing Counsel, assisted by Mr.S.Rajesh, learned Standing Counsel appearing for the appellant/revenue and Mr.G.Baskar, 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 04.04.2014 made in ITA.No.2304/MDS/2013 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2006-07.

3.The appeal was admitted on 28.09.2015 on the following substantial questions of law :

> "(i) Whether, on the facts and in the circumstances of the case, the Tribunal was right in holding that the expenditure incurred on purchase of moulds is revenue expenditure and not capital expenditure? and
>
> (ii) Is not the finding of the Tribunal bad especially when Appendix-I of the Income Tax Rules, 40% depreciation is to be allowed on moulds used in rubber and plastic industries while so the assessee is engaged in the business of leather industries?"

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.

2. The Commissioner of Income Tax,
(Appeals-IV), Chennai - 600 034.

3. The Deputy Commissioner of Income Tax,
Company Circle-II (1),Chennai.

+1cc to Mr.G.Baskar, Advocate, SR.No.73841

TCA.No.541 of 2015

Kak(17/10/2019)