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.801 of 2015

Commissioner of Income Tax,
No.121, Nungambakkam High Road,
Chennai - 600 034. ..Appellant/Appellant

Vs.

M/s.iSoft R&D Pvt. Ltd.,
No.19, Hafiz Court, Kodambakkam High Road,
Nungambakkam, Chennai - 600 006.
PAN: AAACI7884D. ..Respondent/Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 31.10.2014 made in ITA.No.1970/MDS/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'B' Bench for the assessment year 2007-08, as against the order of the Commissioner of Income Tax (Appeals)-II, Chennai -34, made in ITA.No.422/2013-14, dated 29/01/2014 as against the order of the Deputy Commissioner of Income Tax Company Circle II(3), Chennai -34 (D.C.I.T.Co.) in PAN/GIR.No.AAACI7884D, dated 20/12/2010 for the Assessment year 2007-08.

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

31.10.2014 made in ITA.No.1970/MDS/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'B' Bench for the assessment year 2007-08.

3.The appeal was admitted on 21.09.2015 on the following substantial questions of law :

> "(i) Whether, on the facts and in the circumstances of the case, the Honourable ITAT is correct in directing the Assessing Officer to reduce the expenses relating to travel expenditure in foreign currency from the total turnover for computing deduction under section 10A of the Income Tax Act, 1961?
>
> (ii) Whether, on the facts and in the circumstances of the case, the Honourable ITAT is right in excluding the travel expenditure incurred in foreign currency from the total turnover when the clause (iv) to Explanation 2 to Section 10A specifically excludes the same only from the export turnover?"

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.

Sd/-
Assistant Registrar

//True Copy//

Sub Assistant Registrar

To

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

2.The Commissioner of Income Tax Appeal -II,
121, Mahatma Gandhi Road, Nungambakkam,
Chennai -34.

3.The Deputy Commissioner of Income Tax - Co. Circle-II(3)
Chennai -34.

+1 cc to M/s.G.Baskar, Advocate Sr.No.73844

AKM/14.11.19/2P-5C /

TCA.No.801 of 2015