IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 22.08.2019

CORAM

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

Tax Case Appeal Nos.430 and 431 of 2013

T.C.A.No.430 of 2013:-

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

-vs-

Gold line Exports,
32, Kamarajapuram West,
Karur. .. Respondent/Appellant

Appeal under Section 260A of the Income-tax Act, 1961, against the order dated 30.10.2012, on the file of the Income-tax Appellate Tribunal 'B' Bench, Chennai, in I.T.A.No.900(Mds)/2011 for the assessment year 2005-06.,

arising upon the order of the Commissioner of Income Tax (Appeals) Tiruchirapalli dated 23.03.2011 in ITA No.269/07-08 arising againt the Assessment Order dated 12.12.2007, of the Deputy Commissioner of Income Tax, Tiruchirappalli, (Circle -II) for the Assessment Year 2005-06.

T.C.A.No.431 of 2013:-

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

-vs-

Gold line Exports,
32, Kamarajapuram West,
Karur. .. Respondent/Respondent

Appeal under Section 206A of the Income-tax Act, 1961, against the order dated 30.10.2012, on the file of the Income-tax Appellate Tribunal 'B' Bench, Chennai, in I.T.A.No.975(Mds)/2011 for the assessment year 2005-06, arising upon the order of the Commissioner of Income Tax (Appeals) Tiruchirappalli, dated 23.03.2011 in ITA No.269/07-08 arising against the Assessment Order dated 12.12.2007 of the Deputy Commissioner of Income Tax, Tiruchirappalli, Circle-II.

For Appellant : Ms.S.Premalatha,
(In both Appeals) Junior Standing Counsel
: For Mr.M.Swaminathan,
Senior Standing Counsel

For Respondent : Mr.V.S.Jayakumar
(In both Appeals)

COMMON JUDGMENT

(Delivered by T.S.Sivagnanam, J.)

These appeals filed by the appellant/Revenue under Section 260A of the Income-tax Act, 1961, are directed against the common order dated 30.10.2012, passed by the Income-tax Appellate Tribunal 'B' Bench, Chennai in I.T.A.No.900(Mds)/2011 and I.T.A.No.975(Mds)/2011 for the assessment year 2005-06.

2.The above appeals were admitted on 12.11.2013, 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 addition made by the Assessing Officer with respect to the loan advance credit, merely on the ground that it was a trade practice of the assessee's business, to receive security deposit from the weavers while yarn are given to the weavers for job work and the deposits were returned when weaver bring back the weaved cloth, without going into the details of genuineness, identity and creditworthiness of those weavers?
>
> (ii) Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that Section 40a(ia) is applicable only to the amounts remaining due for payment at the end of the financial year?
>
> (iii) Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that, the provisions of Section 40a(ia) has no application with respect to the payments already made during the financial year?"

3.Heard Ms.S.Premalatha, learned Junior Standing Counsel for Mr.M.Swaminathan, learned Senior Standing Counsel for the appellant and Mr.V.S.Jayakumar, learned counsel for the respondent.

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 08.08.2019 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 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 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. No costs.

Sd/-
Assistant Registrar(CCC)

//True Copy//

Sub Assistant Registrar

abr

To

1.The Assistant Commissioner of Income-tax,
Circle-II, Trichy.

2.The Commissioner of Income-tax (Appeals),
No.44, Williams Road, cantonment, Tiruchirapalli-620 001.

3.The Income-tax Appellate Tribunal 'B' Bench,
Chennai.

+1cc to Mr.M.Swaminathan, Advocate Sr.72340
+1cc to Mr.V.S.Jayakumar, Advocate Sr.71914

T.C.A.Nos.430 and 431 of 2013

rsk[co]
srg 05/11/2019