IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 30.8.2019

Coram :

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

Tax Case Appeal No.408 of 2016

Principal Commissioner of Income Tax-4, Chennai-34 ..Appellant/Respondent

Vs

M/s.Karmen International Pvt. Ltd., Chennai-602107. ...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 28.10.2015 made in MP.No.106/Mds/2015 in ITA.No.57/Mds/ 2015 on the file of the Income Tax Appellate Tribunal, Chennai 'B' Bench for the assessment year 2010-11 and against the order of Income Tax Appellate Tribunal'B' Bench Chennai and made in ITA.No.57/Mds/2015 dated 29/05/2015 and against the order of the Commissioner of Income Tax Appeals-II, Chennai -34 made in ITA.No.592/2013-14 dated 18/09/2014 and against the order of the Deputy Commissioner of Income Tax, Chennai -34 and made in PAN.GIR.No.AAACK8998A, dated 28/02/2013 for the Assessment year 2010-2011.

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

For Respondent: Mr.A.S.Sriraman for S.Sridhar

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.A.S.Sriraman, 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 28.10.2015 made in MP.No. 106/Mds/2015 in ITA.No.57/Mds/2015 on

the file of the Income Tax Appellate Tribunal, Chennai 'B' Bench for the assessment year 2010-11.

3. The appeal was admitted on 20.6.2016 on the following substantial questions of law :

> *"i. Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was right in directing the Assessing Officer to restrict the disallowance under Section 14A only upto the exempt income earned by the assessee ignoring the computation provided under Section 14A read with Rule 8D of the Income Tax Rules ?*
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> *ii. Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was right in law in holding that the quantum of exempt income is relevant for the disallowance computed as per Section 14A read with Rule 8D?"*

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,Chennai.

2.The Commissioner of Income Tax(Appeals)-II,
Chennai.

3.The Deputy Commissioner of Income Tax,
Company Circle-II(4), Chennai.

+1 cc to M/s.Sridhar,Advocate Sr.No. 76083

AKM/16.10.19/3P-5C /

TCA.No.408 of 2016