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.519 of 2016

Commissioner of Income Tax IV,
Chennai-34. ...Appellant/Appellant

Vs

M/s.Mohamed Idris Bros. Pvt.
Ltd., Chennai-1. ...Respondent/Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 13.2.2015 made in ITA.No.104/Mds/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2010-11, against the order passed by the Commissioner of Income Tax(Appeals)IV, Chennai-34, made in ITA.NO.437/13-14 dated 03.10.2013 and against the order passed by the Assistant Commissioner of Income Tax, Company Circle-IV (3), Chennai, made in P.A.NO.AAACM5231G dated 11.02.13.

For Appellant: Mr.Karthik Ranganathan, SSC assisted by Mr.S.Rajesh, SC
For Respondent: Ms.Sree Lakshmi Valli for Mr.G.Baskar

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 Ms.Sree Lakshmi Valli, 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 13.2.2015 made in ITA.No. 104/Mds/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'C' Bench for the assessment year 2010-11.

3. The Revenue has filed this appeal by raising the following substantial questions of law :

> "i. Whether, on the facts and circumstances of the case, the Appellate Tribunal was right in deleting the addition made under Section 40A(3A) by relying on Rule 6DD(d) which deals with book adjustments and cash payment totally outside the purview of Rule 6DD(d) of the Income Tax Rules ? and
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> ii. Whether, on the facts and circumstances of the case, the Appellate Tribunal was right in deleting the addition made under Section 40A(3A) by relying on Rule 6DD(k) which deals with payment made to its agents and when cash payments directly made to the weavers of the sister concern which is totally outside the purview of Rule 6DD(d) of the Income Tax Rules?"

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 raised 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(CCC)

//True Copy//

Sub Assistant Registrar

To

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

2.The Commissioner Of Income Tax(Appeals)IV, Chennai-34.

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

+1cc to M/s.Sreelakshmi Valli, Advocate sr.75981

TCA.No.519 of 2016

bs(co)
nr 24/10/2019