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.718 of 2016

The Commissioner of Income Tax, Coimbatore ...Appellant/Respondent

Vs

M/s.Magna Electro Castings Ltd., Coimbatore-18. ...Respondent/Appellant

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 16.10.2014 made in ITA.No.186/Mds/2013 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench for the assessment year 2009-10 and against the Order of the Commissioner of Income Tax (Appeals -I),Coimbatore, dated 18.12.2012 made in 358/11-12 and against the Order of the Assistant Commissioner of Income Tax Company Circle III, Coimbatore, dated 29.12.2011 made in Account No.AABCN 4711 E for the Assessment Year 2009-10.

For Appellant: Mr.T.R.Senthilkumar, SSC assisted by
Ms.K.G.Usharani, SC

Respondent : served and no appearance

Judgment was delivered by T.S.Sivagnanam,J

We have heard Mr.T.R.Senthilkumar, learned Senior Standing Counsel assisted by Ms.K.G.Usharani, learned Standing Counsel appearing for the appellant - Revenue.

2. This appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 is directed against the order dated 16.10.2014 made in ITA. No.186/Mds/2013 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench for the assessment year 2009-10.

3. The appeal was admitted on 22.11.2016 on the following substantial question of law :

"Whether, on the facts and circumstances of the case, the Income Tax Appellate

Tribunal is right in law in holding that the notional loss on foreign currency loans raised for purchase of assets arising as a result of change in the rate of foreign exchange as on the balance sheet date, is allowable as a revenue expenditure ?"

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 question of law framed is 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.

Sd/-
Assistant Registrar

//True Copy//

Sub Assistant Registrar

To
1. The Income Tax Appellate Tribunal,
Chennai 'D' Bench.

2. The Commissioner of Income Tax, (Appeals-I),
Coimbatore.

3. The Assistant Commissioner of Income Tax,
Company Circle -I(1), Coimbatore.

+1cc to Mr.T.R.Senthil Kumar, Advocate, SR.No.75707/19

TCA.No.718 of 2016

Kak(18/10/2019)