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.872 of 2016

The Principal Commissioner of
Income Tax, Central-I, Chennai-34. ...Appellant/Respondent

-Vs-

M/s.Chettinad Logistics Pvt. Ltd.,
Chennai-6. ...Respondent/ Appellant

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 07.6.2016 made in ITA.No.1388/Mds/2015 on the file of the Income Tax Appellate Tribunal, Chennai 'B' Bench for the assessment year 2010-11 against the Order of the Commissioner of Income Tax, Chennai in ITA No.283/13-14/A-1 dated 27/03/2015 and against the Order of the Asst. Commissioner of Income Tax dated 27.03.2013/2010-11.

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

For Respondent: Mr.A.S.Sriraman

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 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 07.6.2016 made in ITA.No. 1388/Mds/2015 on the file of the Income Tax Appellate Tribunal, Chennai 'B' 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 is correct in law in directing the Assessing Officer to exclude the investment made by the assessee in group subsidiaries on commercial expediency and expenditure attributable to such investment and then to apply the provisions of Section 14A of the Income Tax Act read with Rule 8D of the Income Tax Rules, 1962 ? and

ii. Whether, on the facts and circumstances of the case, the Appellate Tribunal is correct in law in directing to exclude the investment made by the assessee in group subsidiaries on commercial expediency when Section 14A does not provide for any such exclusion for the purpose of computing disallowance under the Income Tax Act?"

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.



RS

Sd/-
Assistant Registrar(CS VIII)



//True Copy//

Sub Assistant Registrar

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

2. The Principal Commissioner of Income Tax,
Central - I, Chennai - 34.

3. The Commissioner of Income Tax (Appeals)-1
No.121, Mahatma Gandhi Road,
Nungambakkam, Chennai -34.

4. The Asst. Commissioner of Income Tax,
Company Circle-I (3) , Chennai.

+1cc to Mr.S.Sridhar, Advocate, SR.No.76091
+1cc to Mr.T.R.Senthil Kumar, Advocate, SR.No.75706

TCA.No.872 of 2016

Kak(12/11/2019)