In the High Court of Judicature at Madras

Dated : 28.08.2019

Coram :

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

Tax Case Appeal No.681 of 2018

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

Vs

M/s.Sundaram BNP Paribas,
Home Finance, Sundaram Towers,
46, Whites Road, Chennai - 600 014.
PAN: AADCS4826J ...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 19.12.2016 made in ITA.No.1981/MDS/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench for the assessment year 2005-06, against the order of the Commissioner of Income Tax (Appeals)-VI, Chennai order dated 31.03.2014 made in ITA.NO.783/13-14-A-VI and against the order of the Assistant Commissioner of Income Tax Company Circle-VI (4), Chennai order dated 26/12/2007 for the Assessment year 2005-06.

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

For Respondent: No appearance

JUDGMENT

(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 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 19.12.2016 made in ITA.No.1981/MDS/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench for the assessment year 2005-06.

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

> "(i) Whether on the facts and in the circumstances of the case, ITAT was right in holding that the interest earned by the assessee company for the SLR investments is eligible for deduction u/s.36(1)(viii)?
>
> (ii) Whether on the facts and in the circumstances of the case, the Tribunal was correct in directing the Assessing Officer to "net interest" as against "gross interest" for the purpose of computation of deduction u/s.36 (1)(viii)?"

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(CS VI)

//True Copy//

Sub Assistant Registrar

To

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

2.The Commissioner of Income Tax(Appeals)-VI,
Chennai-34.

3.The Assistant Commissioner of Income Tax,
Company Circle-VI(4), Chennai.

+1cc to Mr.T.R.Senthilkumar, Advocate sr.74193

TCA.No.681 of 2018

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nr 01/11/2019