IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 26.08.2019

CORAM

THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM
and
THE HONOURABLE MRS.JUSTICE V.BHAVANI SUBBAROYAN

Tax Case Appeal No.1001 of 2014

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

-vs-

AKCT Chidambaram Cotton Mills Pvt. Ltd.,
No.12, (Old No.22), Haddows Road,
Nungambakkam, Chennai-600 006. .. Respondent/Respondent

Appeal under Section 260A of the Income-tax Act, 1961, against the order dated 28.02.2014, on the file of the Income-tax Appellate Tribunal 'B' Bench, Chennai, in I.T.A.No.530/Mds/2013 for the assessment year 2007-08 against the order of the Commissioner of Income tax appeals III dated 10.12.2012 in ITA.NO.274/09-10/A III in the Assessment Year 2007-2008.

Against the order of the Deputy Commissioner of Income Tax Company Circle 1(1) chennai dated 07.12.2009 in AAFCA 2962B/AX6.784 in the Assessment Year 2007-2008

For Appellant : Mr.T.Ravikumar,
Senior Standing Counsel

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

JUDGMENT

(Delivered by T.S.Sivagnanam, J.)

This appeal filed by the appellant/Revenue under Section 260A of the Income-tax Act, 1961, is directed against the order dated 28.02.2014, passed by the Income-tax Appellate Tribunal 'B' Bench, Chennai, in I.T.A.No.530/Mds/2013 for the assessment year 2007-08.

2.The above appeal was admitted on 01.12.2014, on the following substantial questions of law:-

> "(i) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was correct in law in deleting the addition made by the Assessing Officer in the hands of the assessee company under Section 2(22)(e) of the Act?
>
> (ii) Whether on the facts and in the circumstances of the case, the Appellate Tribunal was correct in law in interpreting the provisions of Section 2(22)(e) of the Act?
>
> (iii) Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in holding that the addition under Section 2(22)(e) could not have been made in assessee's hand who is not a shareholder of M/s.Shri Indira Cotton Mills P Ltd., without considering the fact that Shri A.L.Chidambaram is a common shareholder in both the companies i.e., in the assessee company as well as in the lending company i.e., M/s.Shri Indira Cotton Mills P Ltd. (SICMP)?"

3.Heard Mr.T.Ravikumar, learned Senior Standing Counsel for the appellant and Mr.A.S.Sriraman, learned counsel for Mr.S.Sridhar, learned counsel for the respondent.

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 08.08.2019 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)

//True Copy//

Sub Assistant Registrar

abr
To

1.The Deputy Commissioner of Income-tax,
Company Circle I(1), Chennai.

2.The Commissioner of Income-tax (Appeals)-III,
121, Mahatma Gandhi Road, Chennai-600 034.

3.The Assistant Registrar,
Income-tax Appellate Tribunal 'B' Bench, Chennai 90.
Rajaji Bhavan,Besant Nagar,Chennai

+1cc to Mr.Ravi Kumar , Advocate SR.No. 72360
+1cc to Mr.Sridhar , Advocate SR.No. 72502

T.C.A.No.1001 of 2014

A.SK(31/10/2019)