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 Nos.834 and 835 of 2014

The Commissioner of Income tax,
Chennai. .. Appellant in both Appeals

-vs-

M/s.Best & Crompton Engineering Ltd.,
39, Industrial Estate,
Ambattur, Chennai-600 098. .. Respondent in both Appeals

APPEALS under Section 260A of the Income Tax Act, 1961 against the common order dated 03.05.2012, made in I.T.A.Nos.1673 & 1674/Mds/2008 on the file of the Income Tax Appellate Tribunal 'D' Bench, Chennai for the assessment years 2003-04 and 2004-05 respectively against the Order dated 27.05.2008 made in ITA No.80 & 81/2007-08 on the file of the Commissioner of Income Tax (Appeals)-VIII, Chennai -34, and against Common Order dated 21.12.2006 and 23.03.2006 on the file of the Assistant Commissioner of Income Tax, Company Circle-I (3) 1(2), Chennai made in PAN No.AAACB 2753H for the Assessment Year 2004-05 & 2003 & 04.

For Appellant : Mr.T.Ravikumar,
(In both Appeals) Senior Standing Counsel

For Respondent : Mr.Karthik Seshadri
(In both Appeals) For M/s.Iyer & Thomas

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

These appeals filed by the Revenue under Section 260A of the Income-tax Act, 1961 are directed against the common order dated 03.05.2012, made in I.T.A.Nos.1673 & 1674/Mds/2008 on the file of the Income Tax Appellate Tribunal 'D' Bench, Chennai for the assessment years 2003-04 and 2004-05 respectively.

2.The above appeals were admitted on 10.11.2014, on the following substantial questions of law:-

"T.C.A.No.834 of 2014:-

"Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in holding that the interest disallowance on the borrowed funds diverted to its sister concern is to be allowed even though the interest expenditure was not incurred wholly and exclusively for the purpose of assessee's business?”

T.C.A.No.835 of 2014:-

(i) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in holding that the interest disallowance on the borrowed funds diverted to its sister concern is to be allowed even though the interest expenditure was not incurred wholly and exclusively for the purpose of assessee's business?

(ii) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in holding that the write off of loans advanced to subsidiary is to be allowed?”

3.Heard Mr.T.Ravikumar, learned Senior Standing Counsel for the appellant - and Mr.Karthik Seshadri, learned counsel for M/s.Iyer & Thomas, for the respondent.

4. The learned Senior Standing Counsel for the appellant submits that the above appeals are 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 appeals are 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 appeals to be heard and decided on merits. No costs.

abr

Sd/-

Assistant Registrar(CS VIII)

//True Copy//

Sub Assistant Registrar

To

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

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

3. The Assistant Commissioner of
Income Tax, Company Circle-I (3) 1(2),
Chennai

+1cc to Mr.H.Karthik Seshadri, Advocate, SR.No.73099
+1cc to Mr.T.Ravi Kumar, Advocate, SR.No.72363

T.C.A.Nos.834 and 835 of 2014

Kak(31/10/2019)