IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 29.08.2019

CORAM

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

Tax Case Appeal No.233 of 2017

Commissioner of Income Tax,
Chennai. .. Appellant

-vs-

M/s.Simpson & Co. Ltd.,
861/862, Anna Salai,
Chennai-600 002.
PAN: AAACS4909F .. Respondent

Appeal under Section 260A of the Income-tax Act, 1961, against the order dated 22.12.2016, made in I.T.A.No.2329/Mds/2016 on the file of the Income Tax Appellate Tribunal 'C' Bench, Chennai for the assessment year 2012-13 against the order of the Commissioner of Income Tax (Appeals) 17,121 Mahathma Gandhi Road, Nungambakkam, Chennai 34 dated 30.03.2016 I.T.A.No.63/2014-2015/CIT(A)-17 PAN No. AAACS4909F for the Assessment year 2012-2013 and against the order of the Deputy Commissioner of Income Tax, LTU II, Chennai Room No. 4 Ground Floor 1775, Jawaharlal Nehru Annex Road, Anna Nagar Western Extension Chennai 101 dated 31.12.2014 Dist/Ward/circle/LTU II, Chennai PAN/GIR No. AAACS4909F for the Assessment year 2012-2013 respectively.

For Appellant : Mr.T.Ravikumar
Senior Standing Counsel &
: Ms.R.Hemalatha
Senior Standing Counsel

For Respondent : Mr.R.Venkatanarayana,
For M/s.Subbaraya Aiyar,
Padmanabhan & Ramamani

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

This appeal filed by the Revenue under Section 260A of the Income-tax Act, 1961 is directed against the order dated 22.12.2016, made in I.T.A.No.2329/Mds/2016 on the file of the Income Tax Appellate Tribunal 'C' Bench, Chennai for the assessment year 2012-13.

2.The appeal has been admitted on 01.06.2017, on the following substantial questions of law:-

> “(i) Whether investments made in sister concerns/subsidiary companies are liable to be disallowed under Section 14A of the Income Tax Act and Rule 8D of the Income Tax Rules?
>
> (ii) Whether the provisions of Section 14A of the Income Tax Act are applicable to investment in shares of sister concerns yielding dividend income exempt from income tax? and
>
> (iii) Whether the benefit of depreciation in any financial year can be carried over to any later year?”

3.Heard Mr.T.Ravikumar and Ms.R.Hemalatha, learned Senior Standing Counsel for the appellant - and Mr.R.Venkatanarayana, learned counsel, for M/s.Subbaraya Aiyar Padmanabhan & Ramamani, 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.

s/d-
Assistant Registrar(CS V)

True Copy

Sub-Assistant Registrar

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To

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

2.The Commissioner of Income Tax (Appeals)17, Nungambakkam Chennai

3.The Deputy Commissioner of Income Tax, LTU II, Chennai

+1 CC to Mr.T.Ravikumar, Advocate sr 74352.
+1 CC to Ms. Subbaraya Aiyar, Advocate sr 75144.

T.C.A.No.233 of 2017

AD(CO)
SP(04/11/2019)