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 Nos.338 and 339 of 2017

Commissioner of Income Tax,
Corporate Circle-3, Chennai. .. Appellant in both Appeals

-vs-

M/s.TAFE Motors & Tractors Limited,
No.35, Pottipatti Plaza,
Nungambakkam High Road,
Chennai-600 034.
PAN: AACCT 2459 B .. Respondent in both Appeals

Appeals under Section 260A of the Income-tax Act, 1961, against the common order dated 23.11.2016, made in I.T.A.Nos.2107 & 2108/Mds/2016 on the file of the Income Tax Appellate Tribunal 'C' Bench, Chennai for the assessment years 2011-12 and 2012-13 respectively.

Against the Order dated 17/03/2016 made in ITA.Nos.210/14-15 & 125/15-16 CIT(A)-11 on the file of the Commissioner of Income Tax (Appeals) - II, Chennai for the assessment year 2011-2012 & 2012-13.

Against the order dated 26/03/2014 & 27/03/2015 made in PAN GIR.No. AACCT 2459B on the file of the Assessment Counsel of Income Tax Company Circle III (1), Chennai for the assessment Year 2011-12 and 2012-13.

For Appellant : Mr.M.Swaminathan,
Senior Standing Counsel
: assisted by Ms.V.Pushpa
Standing Counsel

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

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 23.11.2016, made in I.T.A.Nos.2107 & 2108/Mds/2016 on the file of the Income Tax Appellate Tribunal 'C' Bench, Chennai for the assessment years 2011-12 and 2012-13 respectively.

2.The appeals have been admitted on 01.08.2017, on the following substantial questions of law:-

> "(i) Whether the Tribunal was justified in holding that the investment made in sister concern/subsidiary companies are not liable for disallowance under Section 14A of the Income Tax Act when the provisions of the said Section as well as Rule 8D do not provide for any such exception?
>
> (ii) Whether the investment in shares of subsidiary companies which also yields dividend income attracts the provisions of Section 14A of the Income Tax Act and is exempt from Income Tax?"

3.Heard Mr.M.Swaminathan, learned Senior Standing Counsel assisted by Ms.V.Pushpa, learned 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 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.

Sd/-

Assistant Registrar (CCC)

//True Copy//

Sub Assistant Registrar

(abr)

To

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

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

3.The Assistant Commissioner of Income Tax,
Company Circle II, (1), Chennai.

+1cc to Mr.M.Swaminathan, Advocate, S.R.No.75044
+1cc to Mr.Subbaraya Aiyar, Advocate, S.R.No. 75140

T.C.A.Nos.338 and 339 of 2017

RSV(CO)
GN(08/11/2019)