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.702 of 2017

The Commissioner of Income tax,
Chennai. .. Appellant

-vs-

M/s.Ramasays Corporation (P) Ltd.,
No.18, L.G.N.Road, Chennai-600 002.
PAN: AADCR8596A .. Respondent

Appeal under Section 260A of the Income-tax Act, 1961, against the order dated 31.05.2017, made in I.T.A.No.282/Mds/2017 on the file of the Income Tax Appellate Tribunal 'B' Bench, Chennai for the assessment year 2013-14.

TCA.NO. 702 OF 2017: Against the order of the Commissioner of Income Tax (Appeals)-3, Chennai -34, dated 28.10.2016 made in ITA.No. 162/2015-16/CIT (A)-3, against the Order of the Deputy Commissioner of Income Tax, Corporate Circle 5(1), Chennai - 34, dated 29.01.2016 made in PA/GIR No. AADCR8596A for the Assessment Year 2013-14.

For Appellant : Ms.R.Hemalatha
Senior Standing Counsel

: Mr.T.Ravikumar
Senior Standing Counsel

For Respondent : Mr.Philip George



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 31.05.2017, made in I.T.A.No.282/Mds/2017 on the file of the Income Tax Appellate Tribunal 'B' Bench, Chennai for the assessment year 2013-14.

2.The appeal has been admitted on 15.12.2017, on the following substantial questions of law:-

> "(i) Whether the Tribunal is right in treating the expenses incurred on cost of spares and tools amounting to Rs.197,05,800/- as revenue expenditure especially when the said tools were used by the assessee for producing parts which tantamount to the cost of acquiring profit earning apparatus and not for operating the profit earning apparatus? and
>
> (ii) Whether the expenses incurred on spares and tools used by the assessee for producing parts in the manufacture of industrial fastener is capital expenditure or revenue expenditure?"

3.Heard Mr.T.Ravikumar and Ms.R.Hemalatha, learned Senior Standing Counsel for the appellant - and Mr.Philip George, 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 (CO)

//True Copy//

Sub Assistant Registrar

abr

To

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

2.The Commissioner of Income Tax (Appeals)3,
Chennai-34.

3.The Deputy Commissioner of Income Tax,
Corporate Circle - 5 (1), Chennai - 34.

+1cc to Mr.T.Ravi Kumar, Advocate, S.R.No. 74356
+1cc to Mr.Philip George, Advocate, S.R.No. 75294

T.C.A.No.702 of 2017

NMI(CO)
GN(12/11/2019)