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.780 of 2017

Principal Commissioner of Income Tax Central I,
No.108, Mahatma Gandhi Road, Chennai. .. Appellant

-vs-

M/s.Chettinad Logistics Pvt. Ltd.,
Rani Seethai Hall, V Floor,
603, Anna Salai, Chennai-600 006.
PAN: AABCC 4551 C .. Respondent

Appeal under Section 260A of the Income-tax Act, 1961, against the order dated 13.06.2017, made in I.T.A.No.2791/Mds/2016 on the file of the Income Tax Appellate Tribunal 'B' Bench, Chennai for the assessment year 2012-13, against the order of commissiioner of Incoem Tax (Appeals)-1, Chennai, in ITA No.178/CIT(A) 2015-2016 dated 05-07-2016 for the Assessment year 2012-13, against the order dated 25/3/15 of the commissioner of Income Tax(Appeals)-1 corporate circle 1(2), Chennai(for brevity, “AO”) under sections 143(3) of the Income-Tax Act 1961 (for brevity “Act”) for the Assessment Year 2012-13, in PAN AABCC4551C.

For Appellant : Mr.T.R.Senthil Kumar,
Senior Standing Counsel

: assisted by Ms.K.G.Usharani,
Standing Counsel

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

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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 13.06.2017, made in I.T.A.No.2791/Mds/2016 on the file of the Income Tax Appellate Tribunal 'B' Bench, Chennai for the assessment year 2012-13.

2.The appeal has been filed raising the following substantial questions of law:-

> "(i) Whether the Appellate Tribunal is correct in law in directing the Assessing Officer to exclude the investment made by the assessee in group subsidiaries on commercial expediency and expenditure attributable to such investment and then to apply the provisions of Section 14A of the IT Act, r/w. Rule 8D of the Income-tax Rules?
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> (ii) Whether the Appellate Tribunal is correct in law in directing to exclude the investment made by the assessee in group subsidiaries on commercial expediency and expenditure attributable to such investment and then to apply the provisions of Section 14A of the IT Act, whereas Rule 8D does not provide for any such exclusion for the purpose of computing disallowance u/s 14A of the Income-tax Act? and
>
> (iii) Whether the Appellate Tribunal is correct in law in directing the Assessing Officer to exclude the investment made by the assessee out of its interest free funds in its sister concern for strategic reasons for the purpose of computing disallowance u/s 14A read with Rule 8D of the Income Tax Rules?"

3.Heard Mr.T.R.Senthil Kumar, learned Senior Standing Counsel assisted by Ms.K.G.Usharani, learned 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-VI)

//True Copy//
Sub Assistant Registrar

abr

To

1.M/s.Chettinad Logistics Pvt. Ltd.,
Rani Seethai Hall, V Floor,
603, Anna Salai, Chennai-600 006.

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

3.The Commissioner of Income-Tax (Appeals)-1
Chennai-34.

4.The Deputy Commissioner of Income Tax,
Nungambakkam, Chennai.

+1cc to Mr.S.Sridhar, Advocate SR.75287

T.C.A.No.780 of 2017

RGN(CO)
CB(31/01/2020)