IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04.06.2020

CORAM

THE HON'BLE DR.JUSTICE VINEET KOTHARI
AND
THE HON'BLE MR.JUSTICE R.SURESH KUMAR

Tax Case (Appeal) No.794 of 2013

The Commissioner of Income Tax
Chennai. ..Appellant / Appellant

Vs.

M/s.Kannappan Iron and Steel Co Pvt Ltd
9/110, Kalidas Road, Ramnagar
Coimbatore - 641 009. ..Respondent / Respondent

Tax Case Appeal filed under Section 260A of the Income Tax Act, 1961 against the common order of the Income Tax Appellate Tribunal 'D' Bench, Chennai dated 12.12.2011 in ITA No.1600/Mds/2011, against the order dated 13/07/2011 by the Commissioner of Income Tax (Appeals)-1 Coimbatore, made in Appeal No.152/2008-2009 and the against the assessment order dated 30/12/2010 Addl.Commissioner of Income - Tax Company - Circle 1(2), Coimbatore, in PAN No./GIRNO AABCK2974P.

For Appellant : Ms.K.G.Usha Rani,
Junior Standing Counsel
For Respondent : Notice Served

J U D G M E N T

(Judgment of the Court was delivered by DR.VINEET KOTHARI,J)

This Tax Case Appeal has been filed by the Revenue calling in question the correctness of the order passed by the Income Tax Appellate Tribunal, 'D' Bench, Chennai, by raising the following substantial questions of law:

" 1. Whether on the facts and circumstances of the case, the Income Tax Appellate Tribunal was right in holding that the expenditure incurred on product development is revenue in nature and not capital?
2. Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal has enough material to conclude that the expenditure was revenue allowable under Section 37 of the Income Tax Act?"

2. When the matter was taken up for hearing, the learned Standing Counsel brought to our notice the Circular instruction issued by the Central Board of Direct Taxes vide Circular No.17/2019 dated 8th August 2019, wherein, it is stipulated that appeals shall not be filed/pursued by the Department before the High Court in cases where the tax effect does not exceed Rs.1,00,00,000/- (Rupees One Crore).

3. In the instant case, the tax effect is said to be less than the monetary limit imposed and therefore, the appeal filed by the Revenue is dismissed as not pressed, keeping open the substantial questions of law for determination in an appropriate case.

Sd/-
Assistant Registrar

//True Copy//

Sub Assistant Registrar

KST
To
1.Income Tax Appellate Tribunal
'D' Bench,Chennai.

2.The Commissioner of Income Tax(Appeals)1
Coimbatore.

3. The Addl.commissioner of Income - Tax,
Company Circle 1(2),
Coimbatore.

T.C.(A) No.794 of 2013

RLD(CO)
RMP(22/07/2020)