In the High Court of Judicature at Madras

Dated : 17.07.2020

Coram :

The Honourable Mr.Justice T.S.SIVAGNANAM

and

The Honourable Mrs.Justice V.BHAVANI SUBBAROYAN

Tax Case Appeal No.407 of 2018

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

Vs

M/s.Alagumalai Impex Pvt Ltd
No.95, New Avadi Road,
Kilpauk, Chennai 600 010.
PAN : AADCA6590R ...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order of Income Tax Appellate Tribunal, Madras ''B'' Bench Chennai, dated 11.07.2017 passed in I.T.A.No.214/Mds/2014 against the order of the Commissioner of income Tax (Appeals) (Central) I Chennai-34 dated 28/11/2013 relevant to the Assessment year 2008-09 against the Assessment Order dated 24/12/2010 passed by the Deputy Commissioner of Income Tax, Company Circle -I(I) Chennai-34 for the Assessment Year 2008-09.

For Appellant: Mr.T.Ravikumar

Respondent :Mr.R.Kumar

Judgment was delivered by T.S.Sivagnanam,J

We have heard Mr.T.Ravikumar, learned Senior Standing Counsel, assisted by Ms.R.Hemalatha, learned Standing Counsel appearing for the appellant - Revenue.

2. This appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 is directed against the order dated 11.07.2017 made in I.T.A.No.214/Mds/2014 on the file of the Income Tax Appellate Tribunal, Chennai 'B' Bench for the assessment year 2008-09.

3. The appeal was raised on the following substantial questions of law :

> "1.Whether, the Tribunal was correct in holding that section 14A disallowance are to be made only when the assessee earns exempt income which is contrary to the wording in the Section as well as Rule 8D as they do not provide for any such exemption?
>
> 2.Whether disallowance u/s.14A could be made even in a situation where no exempt income is earned but exempt income bearing investments are there?

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 08.8.2019 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 question of law framed is 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.

Sd/-
Assistant Registrar(CS-III)

//True copy//

Sub Assistant Registrar

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

2. The Commissioner of Income Tax (Appeals)
(Central)-I, Chenani-34

3. The Deputy Commissioner of Income Tax,
Company Circle -I(I), Chennai-34.

+1cc to Mr.T.Ravikumar, Advocate SR.No.24823

TCA.No.407 of 2018

SS(CO)
GMY(03/08/2020)