IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 21.07.2020

CORAM:

THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM
and
THE HONOURABLE MRS.JUSTICE V.BHAVANI SUBBAROYAN

Tax Case Appeal No.415 of 2018

The Commissioner of Income Tax,
Chennai. .. Appellant

versus

M/s.Lakshminaryanan Ganesh,
No.132, Cathedral Road,
Chennai - 600 086. .. Respondent

Tax Case Appeal filed under Section 260A of the Income Tax Act, 1961, against the order made in ITA No.333/Mds/2017 dated 20.06.2017 passed by the Income Tax Appellate Tribunal Madras 'B' Bench, for the Assessment Year 2007-08 aganist the Appellate order of the Commissioner of Income Tax(Appeals)-3, Chennai-34, dated 30-9-2016 made in ITA No:04/CIT (A)-3/2013-14 for the Assessment Year 2007-08; and aganist the order of the Assistant Commissioner of Income-Tax,cCompany circle-V(3) Chennai, dated 27-3-2013 made in PAN/GI.No:AADPG6123F for the Assessment year 2007-08.

For Appellant : Mr.T.Ravikumar
Senior Standing Counsel

For Respondent : Mr.Vijayaraghavan
for M/s.Subbaraya Aiyar Padmanabhan
and Ramamani

JUDGMENT

T.S.SIVAGNANAM, J.

We have heard Mr.T.Ravikumar, learned Senior Standing Counsel appearing for the appellant/Revenue and Mr.Vijayaraghavan, learned Standing Counsel appearing for the respondent/assessee.

2. This appeal filed by the revenue under Section 260A of the

Income Tax Act, 1961 (the 'Act' for brevity), is directed against the order dated 20.06.2017 passed by the Income Tax Appellate Tribunal 'B' Bench, Madras, in ITA No.333/Mds/2017 for the Assessment Year 2007-08.

3. The appeal was admitted on 14.06.2019 on the following substantial questions of law :

> "(i) Whether the Tribunal was right in quashing the reassessment proceeding which was initiated within four year especially when the AO had not formed any opinion in respect of the long term capital gains and the income of the assessee chargeable to tax had escaped assessment?
>
> (ii) Whether the finding of the Tribunal is proper especially when no evidence was placed by the assessee with regard to the listing of Private Ltd. Company especially when the assessee has received Rs.2.35 Crores from the Public Limited Company viz., a Rane Holding Ltd., in which he was one of the promoter and therefore the transaction is liable to be taxed u/sec.56(2)(vii) of the Income Tax Act?
>
> (iii) Whether the Tribunal was right in granting relief to the assessee especially when the assessee has failed to substantiate the valuation of the share transferred with documentary evidence after the CIT (A) had held it was a sham transaction?"

4. The learned Senior Standing Counsel for the appellant/revenue 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 questions 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

//True Copy//

Sub Assistant Registrar

ars

To

1.The Commissioner of Income-Tax,
Chennai.

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

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

4.The Assistant Commissioner of Income Tax,
Companycircle-V(3),
Chennai.

+1cc to Mr.T.Ravi Kumar, Advocate, Sr.No.25004
+1cc to Mr.Subbaraya Aiyar, Advocate, Sr.No.25012

TCA No.415 of 2018

PP(CO)
GS(12/08/2020)