

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 10.12.2020

CORAM

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

Tax Case Appeal No.477 of 2019

Health and Glow Retailing Private
Ltd., Bangalore

...Appellant

Vs

The Assistant Commissioner of
Income Tax, Corporate Circle 2(2),
Chennai-34.

...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 14.2.2019 passed by the Income Tax Appellate Tribunal, Madras 'C' Bench, Chennai made in I.T.A.No.1784/Chny/2018 for the assessment year 2010-11 against the order of the Commissioner of Income Tax (Appeals)-13. 121, Mahatma gandhi Road, Chennai - 600034, dated 06/03/18 I.T.A.No.233/CIT(A)-13/2010-11 PAN.AAACR4742B, for the Assesment year 2010-11, and against the order of the Assistant Commissioner of Income tax, Corporate Circle-2(2), Chennai-600034 dated 31/12/2014 PAN/GIR/No.AAACR4742B District/Ward/Circle/Corporate Circle 2 (2) status Domestic Company for the Assesment Year 2010-11 and against the order of the Deputy Commissioner of Income Tax Company Circle II(2), Room No.512, Wanapathy Block, 121, M.G.Road, Nungambakkam Chennai - 34 dated 25/03/13 PAN/GIR.AAACR4742B, Ward CIT Company Circle II (2) Status-Company for the Assesment Year 2010-11. .

For Appellant : M/s.King & Patridge

For Respondent : Mr.Karthik Ranganathan, SC assisted by
Mr.S.Rajesh

Judgment was delivered by T.S.SIVAGNANAM, J

This appeal, filed by the assessee under Section 260A of the Income Tax Act, 1961 ('the Act' for brevity), is directed against the order dated 14.2.2019 made in I.T.A.No.1784/Chny/2018 on the file of the Income Tax Appellate Tribunal, Chennai, 'C' Bench ('the Tribunal' for brevity) for the assessment year 2010-11.

2. The appeal was admitted on 19.7.2019 on the following substantial question of law:

"i. Whether, in the facts and circumstances of the case and in law, the Tribunal's order passed without entertaining the adjournment request of the appellant and affording an opportunity of hearing is in violation of the principles of natural justice and therefore deserves to be set aside?

ii. Whether, in the facts and circumstances of the case and in law, the Tribunal was right in upholding the reassessment order passed by the respondent under Section 147 of the Act, although there was no fresh tangible material necessitating the reopening of assessment and it was a case of change of opinion? And

iii. Whether, in the facts and circumstances of the case and in law, the Tribunal was correct in upholding the disallowance of provision for bad and doubtful debts and advances, although they were written off as irrecoverable and therefore allowable as a deduction as held by the Hon'ble Supreme Court?"

3. We have heard the learned counsel appearing for the appellant/assessee and Mr.Karthik Ranganathan, learned Standing Counsel assisted by Mr.S.Rajesh, learned Junior Standing Counsel appearing on behalf of the respondent/Revenue.

4. The learned counsel for the appellant/assessee, on instructions, submits that the assessee intends to avail the benefit of Vivad Se Vishwas Scheme ('VVS Scheme' for brevity) and in this regard, the assessee is taking steps to file the application/ declaration in Form No.I.

5. It may not be necessary for this Court to decide the substantial questions of law framed for consideration on account of certain subsequent developments. The Government of India enacted the Direct Tax Vivad Se Vishwas Act, 2020 (Act 3 of 2020) to provide for resolution of disputed tax and for matters connected therewith or incidental thereto. The Act of the Parliament received the assent of the President on 17th March 2020 and published in the Gazette of India on 17th March 2020.

6. In terms of the said Act, the assessee has been given an option to put an end to the tax disputes, which may be pending at different levels either before the First Appellate Authority

or before the Tribunal or before the High Court or before the Hon'ble Supreme Court of India. Under Section 2(j) "disputed tax" has been defined. In terms of Section 3, where a declarant means a person, who files a declaration under Section 4 on or before the last date files a declaration to the designated authority in accordance with the provisions of Section 4 in respect of tax arrears, then, notwithstanding anything contained in the Income Tax Act or any other law for the time being in force, the amount payable by the declarant shall be determined in terms of Section 3(a-c) thereunder.

7. The First Proviso to Section 3 states that in case, where an appeal or writ petition or special leave petition is filed by the Income Tax authority on any issue before the Appellate Forum, the amount payable shall be one-half of the amount in the table stipulated in Section 3 calculated on such issue, in such a manner as may be prescribed. The Second Proviso deals with the cases, where the matter is before the Commissioner (Appeals) or before the Dispute Resolution Panel. The Third Proviso deals with cases, where the issue is pending before the Income Tax Appellate Tribunal. The filing of the declaration is as per Section 4 of the Act and the particulars to be furnished are also mentioned in the Sub-Sections of Section 4. Section 5 of the Act deals with the time and manner of the payment and Section 6 deals with immunity from initiation of proceedings in respect of offence and imposition of penalty in certain cases. Section 9 of the Act deals with cases, where the Act 3 of 2020 will not be applicable.

8. As observed, the assessee is given liberty to restore this appeal in the event the ultimate decision to be taken on the declaration to be filed by the assessee under Section 4 of the said Act is not in favour of the assessee. If such a prayer is made, the Registry shall entertain the prayer without insisting upon any application to be filed for condonation of delay in restoration of the appeal and on such request made by the assessee by filing a miscellaneous petition for restoration, the Registry shall place such petition before the Division Bench for orders.

9. In the light of the above, we direct the appellant/assessee to file Form No.I on or before 28.12.2020 and the Competent Authority shall process the application/declaration in accordance with the Act and pass appropriate orders as expeditiously as possible preferably within a period of six (6) weeks from the date, on which, the declaration is filed in the proper form.

10. With this direction, the tax case appeal stands disposed of with the aforementioned liberty and Consequently, the substantial questions of law framed are left open. No costs.

Sd/-
Assistant Registrar(CS VIII)

//True Copy//

Sub Assistant Registrar

RS

To

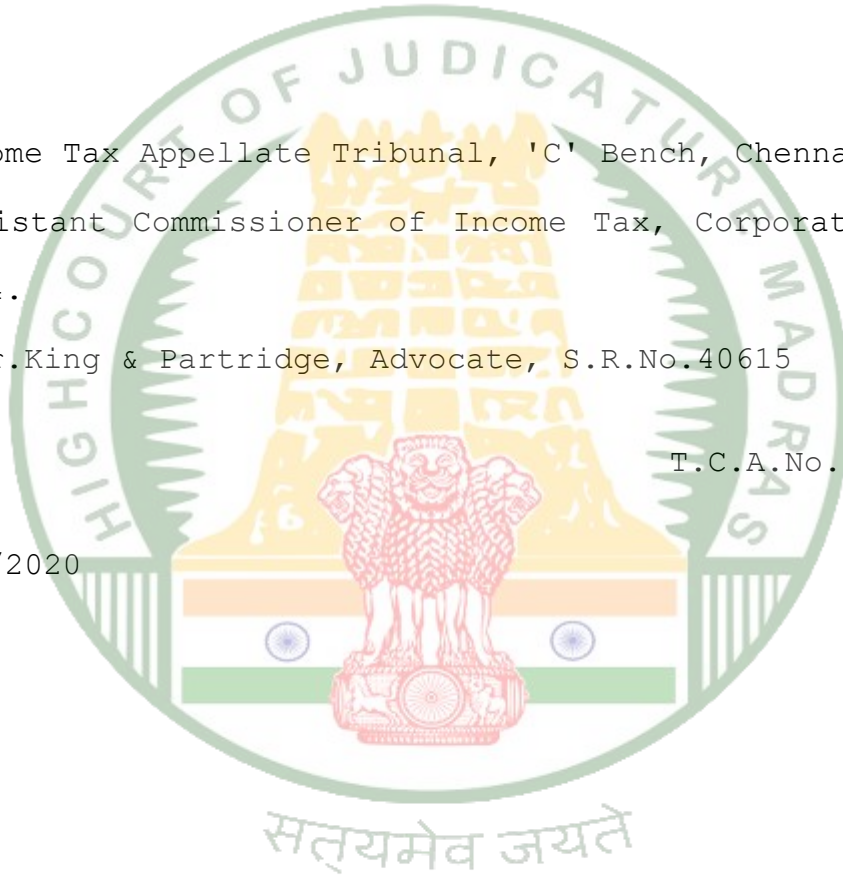
1.The Income Tax Appellate Tribunal, 'C' Bench, Chennai.

2.The Assistant Commissioner of Income Tax, Corporate Circle 2 (2), Chennai-34.

+1cc to Mr.King & Partridge, Advocate, S.R.No.40615

T.C.A.No.477 of 2019

AD(CO)
KKV/31/12/2020



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