In the High Court of Judicature at Madras

Dated : 06.7.2020

Coram :

The Honourable Mr.Justice T.S.SIVAGNANAM

and

The Honourable Mrs.Justice V.BHAVANI SUBBAROYAN

Tax Case Appeal No.576 of 2017

Principal Commissioner of Income
Tax-3, Coimbatore ...Appellant

Vs

M/s.KOB Medical Textiles Pvt. Ltd.,
Palladam. ...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 09.3.2017 made in ITA.No.855/Mds/2015 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench for the assessment year 2010-11 against the order of Deputy Commissioner of Income Tax – circle-2, Tirupur dated 30.01.2015 in PA No.GIR No.AABCK2679R and the order of Income Taxation, Chennai and Secretary to the Dispute Resolution Panel, Chennai, dated 29/12/2014 in F.No.DRP/CHE/48/2014-15, and Joint Commissioner of Income Tax, Transfer Pricing Officer -II i/c, Chennai, dated 28/01/2014 in F.No.4-207/PPO-II/AY 2010-11

For Appellant: Mr.T.R.Senthilkumar, SSC &
Ms.K.G.Usharani, SC

For Respondent: Mr.Ashokpathy for M/s.Pass Association

Judgment was delivered by T.S.Sivagnanam,J

We have heard Mr.T.R.Senthilkumar, learned Senior Standing Counsel and Ms.K.G.Usharani, learned Standing Counsel appearing for the appellant – Revenue and Mr.Ashokpathy, learned counsel appearing for the respondent.

2. This appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 (for short, the Act) is directed against the order dated 09.3.2017 made in ITA.No.855/Mds/2015 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench (for brevity, the Tribunal) for the assessment year 2010-11.

3. The appeal has been admitted on 07.12.2017 on the following substantial questions of law :

> "i. Whether the Appellate Tribunal is right in law in holding that the assessee is eligible for claim of deduction under Section 10B of the Income Tax Act from the assessment year 2001-02 to assessment year 2010-11, when Section 10B provides an undertaking begins to manufacture or produce articles or things is eligible to claim deduction and the assessee began to manufacture on 27.3.2000 as certified by the auditor and hence, the deduction under Section 10B is available to the assessee from the assessment year 2000-01 to assessment year 2009-10 only ? and
>
> (ii) Whether the Appellate Tribunal is right in granting risk adjustments on ad hoc basis when the pre-requisites of Rule 10C(2) (e) are not complied with by the assessee and not provided requisite information pertained to the claim ?"

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 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-I)

//True copy//

Sub Assistant Registrar

RS

To

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

2. The Deputy Commissioner of Income Tax, Circle-27,
Tirupur

3. The Income Tax Officer,(Hqrs) i/c,
International Taxation, Chennai.
Secretary to the Dispute Resolution Panel, Chennai

4. The Joint Commissioner of Income Tax,
Transfer Pricing Officer, II, i/c, Chennai.

5. The Principal Commissioner of Income Tax-3, Coimbatore.

TCA.No.576 of 2017

RSV(CO)
GMY(09/09/2020)