IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 12.08.2020

CORAM

THE HON'BLE DR.JUSTICE VINEET KOTHARI

AND

THE HON'BLE MR.JUSTICE KRISHNAN RAMASAMY

T.C.A.No.885 of 2017

Commissioner of Income Tax,
Chennai. ... Appellant

-Vs-

M/s.Shriram Chits Tamilnadu Pvt.Ltd.,
Greams Dugar, 4th Floor,Egmore,
Chennai 600 006 ... Respondent

Prayer: Tax Case Appeal filed under Section 260-A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal Madras " B " Bench, dated 29.07.2016 in ITA.No.732/Mds/2016 preferred against the order of the Commissioner of Income Tax(Appeals)-15, Chennai-34, made in I.T.A.No.240/CIT(A)-15/14-15, dated 24.09.2015, against the order of the Deputy Commissioner of Income Tax, Corporate Circle 6(1), Chennai, dated 20.02.2015, made in PAN.GIR.No.AABCS0167N.

For Appellant : Mr.J.Narayanaswamy, Senior Standing Counsel

For Respondent : Mr.R.Sivaraman

JUDGMENT

(Judgment of the Court was made by Dr.Vineet Kothari,J)

The Court was held by Video Conference as per the Resolution of the Full Court dated 03 July 2020, by Judges at the respective residence and the counsel, staff of the Court appearing from their respective residences.

2. 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, Madras " B " Bench, dated 29.07.2016 in ITA.No.732/Mds/2016, by raising the following substantial questions of law:

> "Whether on the facts and in the circumstances of the case the tribunal was right in holding that the royalty paid by the assessee towards the copy right for use of logo is to be treated as revenue expenditure without appreciating that as per the section 32 w.eJ 1.4.99 read with expln 3, the copyright is to be treated as intangible asset of capital nature and consequently the royalty payment is a capital expenditure and the assessee is entitled for depreciation only?”

3. When the matter is taken up for hearing, learned Standing Counsel brought to our notice the Circular 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).

4. 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is said to be less than the monetary limit imposed and therefore, the Appeal filed by the Revenue is dismissed as withdrawn, keeping open the substantial questions of law for determination in appropriate cases. No costs.

Sd/-
Asst.Registrar (CS VI)

/true copy/

Sub Asst. Registrar

KST

To

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

2.The Deputy Commissioner of Income Tax,
Corporate Circle 6(1) Chennai

3.The Commissioner of Income Tax(Appeals)-15
Chennai-34

ssv(co)
aa01/10/2020