IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 24.03.2021

CORAM

THE HON'BLE MR. JUSTICE M.DURAISWAMY
AND
THE HON'BLE MRS.JUSTICE T.V.THAMILSELVI

T.C.A.Nos.965 and 701 of 2015

Commissioner of Income Tax IV,
121, M.G. Road,
Chennai 600 034. ... Appellant in all appeals

Vs.

M/s.Murugappa Management Services Ltd.,
Dare House, Extension,
234, NSC Bose Road,
Chennai - 600 001. ... Respondent in all appeals

Tax Case Appeals in T.C.A.Nos.965 and 701 of 2015 preferred under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Madras, "C" Bench, dated 15.10.2013 and 25.04.2014 respectively in I.T.A.Nos.304/Mds/2013 and 2312/Mds/2013, respectively for the Assessment Years 2009-10 and 2010-11 respectively.

TCA No.965 of 2015:

Appeal against the Order of the Commissioner of Income Tax (Appeals)-V, 121, M.G.Road, Chennai-34 made in CIT (A) V/ITA No.357/2011-12 order dated 30.11.2012 Assessment Year 2009-10.

Appeal against the order of the Assistant Commissioner of Income Tax Company Circle-IV (3), Chennai dated 28/12/2011 made in PAN NO.AAACT1164F, Assessment Year 2009-10.

TCA No.701 of 2015:

Appeal against the order of the Commissioner of Income Tax (Appeals)-IV, 121, M.G.Road, Chennai-34 made in ITA No.430/13-14 order dated 30/08/2013, Assessment Year 2010-11.

Appeal against the order of the Assistant Commissioner of Income Tax, Company Circle IV (3), Chennai dated 28/01/2013 made in PAN NO.AAACT1164F, Assessment Year 2010-11.

For Appellant : Mr.Karthik Ranganathan
Senior Standing Counsel
in all appeals

For Respondent : Mr.R.Venkata Narayanan
in all appeals

COMMON JUDGMENT

(Judgment was delivered by M.DURAISWAMY, J.)

We have heard Mr.Karthik Ranganathan, learned Senior Standing Counsel for the appellant/Revenue and Mr.R.Venkata Narayanan, learned counsel for the respondent/assessee.

2.The above appeals, filed by the Revenue under Section 260A of the Income Tax Act, 1961 (for short, the Act), are directed against the orders dated 15.10.2013 and 25.04.2014 made in I.T.A.Nos.304/Mds/2013 and 2312/Mds/2013 respectively on the file of the Income Tax Appellate Tribunal, Madras, "C" Bench (for brevity, the Tribunal) for the Assessment Years 2009-10 and 2010-11 respectively.

3.The above appeals were admitted on 29.10.2015 on the following substantial questions of law:

> "1.Whether on the facts and in the circumstances of the case, the assessee is eligible for deduction of interest u/s.37(1) of the Income Tax Act, when the loan borrowed was not for the purpose of its business activity?
>
> 2.Whether on the facts and in the circumstances of the case, the Tribunal was right in allowing interest expenditure without taking cognizance of the fact that the assessee diverted interest bearing loan from HDFC Bank to a non-commercial and non-business purpose to its Employee's Trust that too without charging any interest?"

4.The learned Senior Standing Counsel for the appellant submits that the above appeals are not pursued by the Revenue on account of the Low Tax Effect in terms of Circular No.17/2019 dated 08.08.2019 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 these cases is less than the threshold limit.

5.In the light of the said submissions, the above Tax Case Appeals are dismissed as withdrawn on account of the Low Tax Effect. The substantial questions of law framed are left open. In the event the tax effect in these cases 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 above appeals to be heard and decided on merits. No costs.

Sd/-
Assistant Registrar(CS VIII)

//True Copy//

Sub Assistant Registrar

To

1.The Income Tax Appellate Tribunal,
Madras, "C" Bench.

2.The Commissioner of Income Tax IV,
121, M.G. Road,
Chennai 600 034.

3.The Commissioner of Income Tax (Appeals)-V,
121, M.G.Road,
Chennai-34.

4.The Commissioner of Income Tax (Appeals)-IV,
121, M.G.Road,
Chennai-34

5.The Assistant Commissioner of Income Tax,
Company Circle-IV (3),
Chennai.

+1cc to M/s.Subbaraya Aiyar, Advocate Sr.19323

T.C.A.Nos.965 and 701 of 2015

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srg 03/05/2021