IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE: 02.03.2021

CORAM:

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

T.C.A.Nos.676 & 677 of 2016

Commissioner of Income Tax - II,
No.121, Nungambakkam High Road,
Chennai - 600 034. ... Appellant in both TCAs

Vs.

M/s.iNautix Technologies India Pvt. Ltd.,
10th Floor, Tidal Park,
No.4, Canal Bank Road,
Taramani, Chennai - 600 113. ... Respondent in both TCAs

Appeals preferred under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Madras, "D" Bench, dated 19.06.2015 in I.TA.Nos.2277 & 2625/Mds/2014 Assessment Year 2008-09.

against the order of the Commissioner of Income Tax(A)-II, Chennai-34, dated 19.05.2014 made in ITA.No.1501/13-14, for the Assessment year 2008-09 against the Assessment order of the Assistant Commissioner of Income Tax, Company Circle-II (3), Chennai-34, made in PAN/GIR No.AAACI6177K, dated 23.12.2011.

For Appellant (in both TCAs) : Mr.Karthick Ranganathan, Senior Standing Counsel

For Respondent (in both TCAs) : Mrs.N.V.Lakshmi for Mr.N.V.Balaji

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

We have heard Mr.Karthick Ranganathan, learned Senior Standing Counsel for the appellant/Revenue and Mrs.N.V.Lakshmi, learned counsel for the respondent/assessee.

2.The appeals, filed by the Revenue under Section 260A of the Income Tax Act, 1961 (for short, the Act) is directed against the order dated 19.06.2015 made in I.TA.Nos.2277 & 2625/Mds/2014 on the file of the Income Tax Appellate Tribunal, Chennai, "D" Bench (for brevity, the Tribunal) for the Assessment Year 2008-09.

3.The appeals were admitted on 26.09.2016 on the following substantial questions of law:

> "1)Whether on the facts and circumstances of the case, the Appellate Tribunal was right in law in treating 2% of the exempt income as the expenditure to be disallowed under Section 14A of the Income Tax Act for the A.Y. 2008-09 which is against the statute?
>
> 2)Is not the finding of the Appellate Tribunal is bad in law when the statute prescribes for the disallowance under Section 14A is in accordance with Rule 8D of the Income Tax Rules with effect from Assessment year 2008-09 onwards?"

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 are 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 this case 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 appeals to be heard and decided on merits. No costs.

Sd/-
Assistant Registrar(CS VI)

//True Copy//

Sub Assistant Registrar

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To

1.The Registrar,
  Income Tax Appellate Tribunal,
  Chennai, "D" Bench.

2.The Commissioner of Income Tax(A)-II,
  Chennai-34.

3.The Assistant Commissioner of Income Tax,
  Company Circle II(3), Chennai-34.

+1cc to M/s.N.V.Balalji, Advocate, SR No.13788.

T.C.A.Nos.676 & 677 of 2016

PPA(C)
CSR 18.03.2021