IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE: 23.06.2021

CORAM:

THE HON'BLE MR. JUSTICE M.DURAISWAMY
AND
THE HON'BLE MRS.JUSTICE R.HEMALATHA

T.C.A.No.911 of 2014

The Commissioner of Income Tax,
Coimbatore. ... Appellant

v.

M/s Elgi Ultra Industries Ltd.,
Elgi House, Trichy Road,
Coimbatore - 641 018. ... Respondent

Appeal preferred under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Madras, "C" Bench, dated 18.11.2013 in ITA.No.1616/Mds/2013 for the Assessment Year 2010-2011.

As against the Order dated 02.07.2013 by the Office of the Commissioner of Income Tax (Appeals)-I, Coimbatore in P.A.No./GIR.No. AAACE4566G for the Assessment Year 2010-11 and against the order dated 28.02.2013 by the Office of the Deputy commissioner of Income Tax, Company Circle - I (I), Coimbatore in PA.No/GIR.No. AAACE4566 G For the Assessment year 2010-11.

For Appellant : Mr. T.R.Senthil Kumar,
Senior Standing Counsel
Assisted by K.G. Usha Rani

For Respondent : K. Krishnamoorthy

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

We have heard Mr. T.R.Senthil Kumar, learned Senior Standing Counsel for the appellant/Revenue and Mr. K. Krishnamoorthy, learned counsel for the respondent/assessee.

2.The appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 (for short, the Act) is directed against the order dated 18.11.2013 made in I.T.A.No.1616/Mds/2013 on the file of the Income Tax Appellate

Tribunal, Chennai, "C" Bench (for brevity, the Tribunal) for the Assessment Year 2010-2011.

3. The above appeal was admitted on the following substantial questions of law:

> "(i)Whether under the facts and circumstances of the case the Income Tax Appellate Tribunal was correct in allowing the claim of Loss on sale of actionable claims as 'business loss?
>
> (ii) Whether under the facts and circumstances of the case, Income Tax Appellate Tribunal was correct in holding that the transaction was a sham transaction entered into with the sole objective of evading tax, particularly to divert the loss to its sister concern? "

4. The learned Senior Standing Counsel appearing 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 08.08.2019 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 this case is less than the threshold limit.

5.In the light of the said submissions, the above Tax Case Appeal is dismissed as withdrawn on account of the Low Tax Effect. The substantial questions of law framed is 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 appeal to be heard and decided on merits. No costs.

Sd/-

Assistant Registrar (CCC)

//True Copy//

Sub Assistant Registrar

Rj

To

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

2.The Commissioner of Income Tax (Appeals) -I,
Coimbatore.

3.The Deputy Commissioner of Income Tax,
Company Circle - I (I),
Coimbatore.

T.C.A.No.911 of 2014

SSN(CO)
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