IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE: 26.02.2021

CORAM:

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

T.C.A.No.123 of 2017

Principal Commissioner of Income Tax-2,
No.121, Mahatma Gandhi Road,
Nungambakkam, Chennai. ... Appellant

Vs.

M/s.i Soft R & D Ltd.,
No.19, Hafiz Court,
Dr.MGR Salai, Nungambakkam,
Chennai - 600 034. ... Respondent

Appeal preferred under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Madras, "A" Bench, dated 20.07.2016 in I.TA.No.661/Mds/2016 Assessment Year 2007-08 filed against the order of the Commissioner of Income Tax (Appeals)-6, Chennai dated 13/01/2016 in ITA No.442/CIT(A)-6/2013-14 filed against the assessment order dated 20/12/2020 for the Assessment year 2007-2008 for PAN.No.AAAC17884D.

For Appellant : Mr.Karthick Ranganathan,
Senior Standing Counsel

For Respondent : Ms.Sriniranjani Srinivasan
for M/s.G.Baskar

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

We have heard Mr.Karthick Ranganathan, learned Senior Standing Counsel for the appellant/Revenue and Ms.Sriniranjani Srinivasan, 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 20.07.2016 made in I.TA.No.661/Mds/2016 on the file of the Income Tax Appellate Tribunal, Chennai, "A" Bench (for brevity, the Tribunal) for the Assessment Year 2007-08.

3.The appellant/Revenue has raised the following substantial questions of law in the grounds of appeal:

> “1)Whether on the facts and circumstances of the case, the Hon'ble ITAT is correct in holding that telecommunication charges and expenses incurred in foreign currency to be excluded from total turnover while computing the deduction u/s 10A of the Income Tax Act, when the section does not provide for such exclusion?
>
> 2)Whether on the facts and circumstances of the case, the order of the Tribunal directing to exclude telecommunication charges and expenses incurred in foreign currency from the total turnover is perverse and against all accounting principles, when these items being expenses are never part of turn over?”

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 08.08.2019 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 Appeal is dismissed as withdrawn on account of the Low Tax Effect. The substantial question 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

//True Copy//

Sub Assistant Registrar

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To
1.The Income Tax Appellate Tribunal,
Chennai, "A" Bench

2.The Commissioner of Income Tax (Appeals)-6
Chennai-34.

3.The Deputy Commissioner of Income Tax,
Corporate Circle II(3), Chennai-34.

+1 cc to M/s.G.Baskar, Advocate Sr.No. 11741

GMI(CO)
RMP(18/03/2021)