IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE: 20.01.2021

CORAM:

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

T.C.A.Nos. 393 & 394 of 2017

Principal Commissioner of Income Tax 4,
No.121, Mahatma Gandhi Road,
Chennai - 600 034. ... Appellant in both TCAs

v.

M/s. Mohamad Idris Bros. (P) Ltd.,
No.5 Armenian Street,
Mannadi, Chennai - 600 001.
PAN : AAA CM 5231 G ... Respondent in both TCAs

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T.C.A. No. 393/2017 : Appeal preferred under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Madras, "B" Bench, dated 07.10.2016 in ITA.No.908/Mds/2016 for the Assessment Year 2011-12.

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T.C.A. No. 394/2017 : Appeal preferred under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Madras, “B” Bench, dated 07.10.2016 in C.O.No.69/Mds/2016 for the Assessment Year 2011-12.

For Appellant : Mr.S. Rajesh
for Mr.Karthik Ranganathan
Standing Counsel

For Respondent : Mr. G.Baskar

COMMON JUDGMENT

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

We have heard Mr.S. Rajesh, learned Standing Counsel for the appellant/Revenue and Mr. G.Baskar, learned counsel for the respondent.

2. These appeals, filed by the Revenue under Section 260A of the Income Tax Act, 1961 (for short, the Act) are directed against the order dated 07.10.2016 made in ITA.No.908/Mds/2016 & C.O.No.69/Mds/2016 on the file of the Income Tax Appellate Tribunal, Chennai, "A" Bench (for brevity, the Tribunal) for the Assessment Year 2011-12.

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3. In the above appeals, the assessee has raised the following Substantial Questions of Law for consideration:

> *"(i) Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in deleting the addition made under section 40A[3A], by relying on Rule 6DD(d) which deals with book adjustments and cash payment totally outside the purview of Rule 6DD(d) of the Income Tax Rules?*
>
> *(ii) Whether on the facts and in the circumstances of the case, the Appellate Tribunal was right in deleting the addition made under section 40A[3A], by relying on Rule 6DD(k) which deals with payments directly made to the weavers of the sister concern which is totally outside the purview of Rule 6DD(d) of the Income Tax Rules?*
>
> *(iii) Whether on the facts and circumstances of the case, the Appellate Tribunal was right in allowing the Cross Objection filed by the assessee?"*

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4. The learned Standing Counsel appearing 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

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High Court has been increased to Rs.1 crore. It is further submitted that the tax effect in respective cases is less than the threshold limit.

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

[M.D., J.] [T.V.T.S., J.]
20.01.2021

Index : Yes/No
Internet : Yes

Rj

To

The Income Tax Appellate Tribunal,
Chennai, "B" Bench

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M. DURAISWAMY, J.

and

T.V. THAMILSELVI, J.

Rj

T.C.A.Nos. 393 & 394 of 2017

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