IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 21.03.2022

CORAM :

THE HONOURABLE MR. JUSTICE R. MAHADEVAN
AND
THE HONOURABLE MR. JUSTICE J.SATHYA NARAYANA PRASAD

Tax Case Appeal Nos.559 & 560 of 2010

Commissioner of Income Tax III
Chennai. ...Appellant in both the cases

Vs

M/s Sriram Chits & Investments Pvt. LTd.,
(Now known as Sriram Financial Services
Holdings P Ltd.,)
149, Greams Road,
Chennai - 600 006. ...Respondent in both the cases

Common Prayer : Tax Case Appeals filed under Section 260A of the Income Tax Act, 1961 against the common order dated 26.06.2009 passed by the Income Tax Appellate Tribunal, Madras “D” Bench, Chennai in I.T.A.Nos.434 & 435/Mds/2008 respectively against the Order of the Commissioner of Income Tax (Appeals)-IV, Chennai, No.121, Mahathma Gandhi Road, Nungambakkam, Chennai-600034 dated 28.11.2007 and 23.11.2007 CIT(A)-IV/CHE 452, 455, 453/05-06 for the Assessment year 2001-02 and against the Order of the Additional Commissioner of Income Tax, Company Range-VI, Chennai-600034 dated 31.03.2004 and 31.03.2003 PAN/GIR No.AABCS2726B, Circle : Company Circle-VI(2), Status : Domestic Company for the Assessment year 2001-02, 2000-01, 1999-2000 respectively.

For Appellant
in both appeals : Mr.J.Narayanaswamy
Senior Standing Counsel

For Respondent
in both appeals : Mr.R.Sivaraman

C O M M O N J U D G M E N T
(Judgment was delivered by R. MAHADEVAN, J.)

These tax case appeals have been filed by the appellant / Revenue, calling in question the correctness of the order dated

26.06.2009 passed by the Income Tax Appellate Tribunal, 'D' Bench, Chennai, in I.T.A.Nos.434 & 435/Mds/2008, relating to the assessment years 1999 - 2000 and 2000 - 2001 respectively.



2. On 13.07.2010, these tax case appeals were admitted by this Court on the following substantial questions of law:-

> (i) Whether on the facts and circumstances of the case, the Tribunal was right in holding that the interest paid on debentures should be allowed as a deduction even though the amounts had been utilised for long term investment in shares for earning dividends which are exempt from tax?
>
> (ii) Whether in the facts and circumstances of the case, the Tribunal was right in treating the payments due from defaulting subscribers as bad debt when there is no relationship of creditor and debtor between them?"

3. When the matters are taken up for consideration, the learned counsel for the appellant / Revenue brought to the notice of this court the Circular No.17/2019 dated 08.08.2019 issued by the Central Board Direct Taxes, wherein, it is stipulated that appeals shall not be filed/pursued by the Department before the High Court in cases where the tax effect does not exceed Rs.1,00,00,000/- (Rupees One Crore). It is also submitted that the tax effect in these appeals is less than the threshold limit.

4. In the light of the aforesaid submissions made by the learned counsel for the appellant / Revenue, the present appeals, wherein, the tax effect is said to be less than the monetary limit imposed, are dismissed as withdrawn, keeping open the substantial questions of law for determination in appropriate cases. No costs.

Sd/-
Assistant Registrar(CCC)

// True Copy //

Sub Assistant Registrar

gba/msr

To

1. Commissioner of Income Tax III,
Chennai.

2. The Income Tax Appellate Tribunal,
Madras “D” Bench.

3.The Additional Commissioner of Income Tax,
Company Range - VI,
Chennai - 34.

4.The Commissioner of Income Tax (Appeals)-IV,
Chennai - 34.

5.The Assistant Commissioner of Income Tax,
Company Circle VI(2),
Chennai.

Tax Case Appeal Nos.559 & 560 of 2010

AD(CO)
RVM(05/04/2022)