IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED 11.07.2022

CORAM

THE HON'BLE Mr. JUSTICE R. MAHADEVAN

AND

THE HON'BLE Mr. JUSTICE MOHAMMED SHAFFIQ

Tax Case Appeal Nos.583 & 584 of 2018

The Commissioner of Income Tax
Central Circle 1
Chennai .. Appellant in both T.C.As

Vs.

M/s.RmKV Silks
No.176F Trivandrum Road
Tirunelveli 627 003
PAN : AABFR 1307 C .. Respondent in T.C.A.No.583 of 2018

M/s.RmKV Silks
No.176F Trivandrum Road
Tirunelveli 627 003
PAN : AAHFB 7067 M .. Respondent in T.C.A.No.584 of 2018

Tax Case Appeals filed under Section 260A of the Income Tax Act, 1961 against the common order dated 26.07.2017 passed by the Income Tax Appellate Tribunal, 'B' Bench, Chennai, in respective I.T.A.Nos. 2705/Mds/2016 and 2704/Mds/2016.

For Appellant : Mr.M.Swaminathan
in both T.C.As

For Respondent : Mr.R.Vijayaraghavan
in both T.C.As for M/s.Subburaya Aiyar

COMMON JUDGMENT

(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 common order dated 26.07.2017 passed by the Income Tax Appellate Tribunal, 'B' Bench, Chennai, in respective I.T.A.Nos. 2705/Mds/2016 and 2704/Mds/2016 for the assessment year 2012-13.

2. By order dated 06.06.2019, this Court admitted the aforesaid tax case appeals on the following substantial question of law :

> "Whether the Tribunal was right in holding that hospitality expenses (bonus redemption expenses) is an accrued liability even though the incurring of liability is fully depend up on the uncertain future visit of the customers, and there is no scientific method to estimate the future visit and purchase of customers to justify it as accrued liability ?"

3. When these matters were 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 are 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the present appeals, wherein, the tax effect is said to be less than the monetary limit imposed, are dismissed as withdrawn, keeping open the substantial question of law for determination in appropriate cases. No costs.

[R.M.D,J.] [M.S.Q, J.]
11.07.2022

Index : Yes / No
gya

R. MAHADEVAN, J.
AND

MOHAMMED SHAFFIQ, J.

gya

To
1.The Commissioner of Income Tax
Chennai

2.The Income Tax Appellate Tribunal
Chennai Bench- 'B'

Tax Case Appeal Nos.583 & 584 of 2018

11.07.2022