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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 22.10.2024

CORAM

THE HONOURABLE MR.JUSTICE R.SURESH KUMAR
and
THE HONOURABLE MR.JUSTICE C.SARAVANAN

T.C.A.No.266 of 2020

The Principal Commissioner of Income Tax Central 2,
No.108, Mahatma Gandhi Road,
Chennai. ... Appellant

-Vs-

M/s.Mahasemam Trust,
No.2/47-B, Melur Road,
Uthangudi,
Madurai - 625 107.
PAN:AAATM704C ... Respondent

PRAYER : Tax Case Appeal filed under Section 260 A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal 'B' Bench, Chennai dated 30.09.2019 in I.T.A.No.1325/Chny/2019 for the assessment year 2015-16.

For Appellant : Mr.Karthik Ranganathan
Senior Standing Counsel

For Respondent : Mr.Punniyakutti

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J U D G M E N T

(Judgment of the Court was delivered by **R.SURESH KUMAR, J.**)

This Tax Case Appeal has been filed by the Revenue calling in question the correctness of the order passed by the Income Tax Appellate Tribunal, Chennai by raising the following substantial questions of law:

1. *Whether the Appellate Tribunal is correct in law in directing the Assessing Officer to give benefit of Sections 11 and 12 of the Act to the assessee Trust?*
2. *Whether the Appellate Tribunal is correct in law when the activity of micro financing to poor at an exorbitant rate of 24% constitutes 'relief of the poor' and falls with the ambit of charitable activity as defined in Section 2(15) of the Income Tax Act?*
3. *Whether the Tribunal is correct in law holding the assessee trust is rendering service in the nature of 'providing relief to the poor' only on the ground that the assessee is not serving to "rich and affluent" by ignoring that fact that the assessee trust with a commercial motive has made poor as its target group for earning income on commercial lines?*
4. *Whether on the facts and in the circumstances of the case, the assessee had carried out only activity of micro finance and whether such activity is in*

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charitable in nature wherein no individual is directly involved except a particular section of the so called Self Help group?

5. *Whether the Tribunal is correct in law in concluding that the consultation fee paid to the Trustees/Relatives of the Trustees is reasonable and that there is no violation of any of the provisions of the Act, ignoring the fact that the amount paid to them is not proportionate to the services rendered by them especially when such service was rendered only by other trusts and the assessee had only acted as a facilitator, and as such there is a violation of the provisions of Section 13(2)(c) of the Income Tax Act?*

2. It is brought to our notice by the learned Senior Standing Counsel for the appellant Revenue that in the instant case, as per the CBDT's Circular No.9 of 2024 dated 17.09.2024 the tax effect is said to be less than the monetary limit imposed and therefore, the appeal can be disposed of, keeping the substantial questions of law raised in this appeal open for adjudication at a later point of time.

3. Recording the aforesaid submission made by the learned Senior

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Standing Counsel for the appellant Revenue, this Tax Case Appeal is dismissed for low tax effect, keeping open the substantial questions of law for adjudication at appropriate stage. However, there shall be no order as to costs.

(R.S.K., J.) **(C.S.N., J.)**
22.10.2024
(2/3)

NCC : Yes / No
Index : Yes / No
Speaking Order : Yes / No
vji

To

The Income Tax Appellate Tribunal 'B' Bench,
Chennai.

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R.SURESH KUMAR, J.
and
C.SARAVANAN, J.

vji

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