IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 30.09.2024

CORAM

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

T.C.A.Nos.432 and 434 of 2015
and
M.P.Nos.1 and 1 of 2015

The Commissioner of Income Tax,
Media Circle,
Chennai. ... Appellant in both TCAs

-Vs-

M/s.Mavis Satcom Limited,
No.48, N.B.Jawaharlal Nehru Salai,
Ekkattuthangal,
Chennai - 600 032.
PAN:AACCM 2127 K ... Respondent in both TCAs

COMMON PRAYER : Tax Case Appeals filed under Section 260 A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal 'D' Bench, Chennai dated 18.03.2014 in I.T.A.No.1663/MDS/2013 and I.T.A.No.1660/MDS/2013 for the assessment years 2008-09 and 2004-05.

For Appellant in both TCAs	:	Mr.Karthick Ranganathan Senior Standing Counsel
For Respondent in both TCAs	:	Mr.A.S.Sriraman

COMMON JUDGMENT

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

These Tax Case Appeals have been filed by the Revenue calling in question the correctness of the orders passed by the Income Tax Appellate Tribunal, by raising the following substantial questions of law:

i. *Whether on the facts and circumstances of the case, the Hon'ble Income Tax Appellate Tribunal was right in law in holding the reopening u/s.147 as invalid?*

ii. *Whether on the facts and circumstances of the case, the Hon'ble Income Tax Appellate Tribunal right in holding that reopening as invalid when as per Explanation 1 to the provisions of Section 147, production of account or other evidences before the Assessing Officer from which material evidence could with due diligence have been discovered will not necessarily amount to disclosure within the meaning of proviso to Sec.147 of the Act?*

iii. *Whether on the facts and circumstances of the case, the Hon'ble Income Tax Appellate Tribunal was right in holding that reopening u/s.147 as invalid when as per clause (c) of Explanation 2, where assessments have earlier been made and there is escapement of income, reopening can be made to reassess the escaped income?*

iv. *Whether on the facts and circumstances of the case, the Hon'ble Income Tax Appellate Tribunal was right in law in holding the reopening u/s.147 as invalid, when the assessee had claimed expenditure as 'revenue' in nature while the benefit of expenditure is enduring in nature and hence the proceedings are valid as per law?*

v. *Whether on the facts and circumstances of the case, the Income Tax Appellate Tribunal was right in holding that the rights are found incapable of sustained exploitation after the first broadcast and hence considering the principles of consistency and nature of expenditure, the same has to be treated as revenue in nature, since the assessee does not derive enduring benefit?*

vi. *Whether on the facts and circumstances of the case, the Income Tax Appellate Tribunal was right in law in reversing the capitalization of the expenses without* *noting that as per accounting standards issued by the Institute of Chartered Accountants of India AS26, copy rights in films / serials are intangible assets and writing off of entire cost of the acquiring such rights at the first broadcast itself on the ground that future revenues are not ascertainable?*

vii. Whether on the facts and circumstances of the case, the Income Tax Appellate Tribunal was right in law in reversing the capitalization of the expenses when the assessee is offering the revenue derived on subsequent telecast in the relevant assessment year, but has chosen to claim the entire expenditure relating to such revenue in the first year of telecast, which is against the mercantile system of accounting followed by the assessee?

2. Mr.Karthick Ranganathan, learned Senior Standing Counsel appearing for the appellant Revenue, on instructions, would submit that, these two appeals are under low tax effect as per recent notification dated 17.09.2024 in Circular No.09 of 2024.

3. Heard Mr.A.S.Sriraman, learned counsel for the respondent assessee.

4. In view of the same, these two Tax Case Appeals are dismissed as low tax effect and the substantial questions of law, if any, arising in these cases would be decided at a later point of time. However, there shall be no order as to costs. Consequently, connected miscellaneous petitions are closed.

(R.S.K., J.) **(C.S.N., J.)**

30.09.2024

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

vji

To

M/s.Mavis Satcom Limited,
No.48, N.B.Jawaharlal Nehru Salai,
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