IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: 28.10.2024

CORAM

THE HONOURABLE **DR. JUSTICE ANITA SUMANTH**
and
THE HONOURABLE **MR. JUSTICE G.ARUL MURUGAN**

T.C.A.Nos.446 & 447 of 2013

M/s.India Motor Parts Accessories Ltd.,
46, Whites Road,
Royapettah,
Chennai 600 014. .... Appellant

Vs

The Asst Commissioner of Income tax,
Company Circle – 11(3)
Chennai. ... Respondent

COMMON PRAYER : APPEALS filed under Section 260 A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, "C" Bench, Chennai dated 22.03.2013 in I.T.A.No.2011/Mds/2008 and I.T.A.No.2012/Mds/2008 respectively.

(In both TCAs)
For Appellant : Mr.R.Venkatanarayanan

For Respondent : Mr.T.Ravikumar
Senior Standing Counsel

COMMON JUDGMENT
(Judgment of the Court was delivered by Dr.ANITA SUMANTH,J.)

Heard Mr.Venkatanarayanan, learned counsel for the assessee/appellant and Mr.T.Ravi Kumar, learned Senior Standing Counsel for the respondent/Income Tax Department.

2.The appeals relates to AY 2001-02 and 2002-03 and the substantial questions of law raised for decision are as follows:

> *'1)Whether on the facts and circumstances of the case the Tribunal was right in law in holding that the amount received by the assessee from Royal & Sun Assurance, U.K., is revenue receipt chargeable to tax.*
> *2)Whether on the facts and in the circumstances of the case the Tribunal was right in law in holding that the amount received by assessee was only for exploitation of the services and infrastructure of the assessee and not towards restrictive covenant.'*

3.In the order of Income Tax Appellate Tribunal dated 22.03.2013, the Tribunal has relied on a decision in the case of *M/s.Sundaram Finance Ltd. v. Assistant Commissioner of Income Tax* (TCA.No.1938 of 2008 dated 19.06.2019) in relation to the issue of taxability of amount received towards restrictive covenant and whether the same is revenue or capital in nature.

4.That appeal, Tax Case Appeal No.1938 of 2008 in the case of

Sundaram Finance has been decided by a Division Bench of this Court on 19.06.2019 in favour of the assessee. The substantial questions of law raised in that case are as follows:

> *'1.Whether on the facts and circumstances of the case, the Tribunal was right in law in holding that the amount received towards restrictive convenant is revenue receipt chargeable to tax?*
>
> *2.Whether on the facts and circumstances of the case, the Tribunal was right in law in holding that the bad debts recovered by the appellant, which were written off and allowed as deduction in respect of Companies which got amalgamated with the appellant Company, should be taxed in the hands of the appellant?'*

5.In light of the aforesaid, the substantial questions of law raised in the present case are also liable to be answered in favour of the assessee and we do so. Both the Tax Case Appeals are allowed. No costs.

(A.S.M.,J) (G.A.M.,J)
28.10.2024

Index:Yes/No
Speaking order
Neutral Citation: Yes
vs

DR. ANITA SUMANTH,J.
and
G.ARUL MURUGAN,J.

vs

T.C.A.Nos.446 & 447 of 2013

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