IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 15.10.2024

CORAM :

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

T.C.A.No.435 of 2023

Principal Commissioner of Income Tax
Corporate Circle – 2, 63-A Race Course Road
Coimbatore. .. Appellant

Vs.

CRI Pumps Pvt. Ltd.
7/46-I, Keerthanam Road
Saravanampatti, Coimbatore – 641 035
PAN: AAACC 9497N .. Respondent

Prayer: Appeal filed under Section 260-A of the Income Tax Act, 1961, against the order of Income Tax Appellate Tribunal "A" Bench, Chennai dated 18.11.2022 passed in I.T.A.No.430/CHNY/2018.

For the Appellant : Mr.Karthik Ranganathan
Senior Standing Counsel

For the Respondent : Mr.A.S.Sivaraman

JUDGMENT

(Order of the Court was made by R.SURESH KUMAR, J.)

The present tax case appeal was admitted on 09.08.2023 by this Court on the following substantial questions of law:-

*"1. Whether on the facts and circumstances of the case, the Ld. Income Tax Appellate Tribunal was justified in allowing the royalty payment when the transfer of trade mark "CRI" was not allowed during the merger proceedings before the Hon'ble High Court and which was subsequently transferred from CRI Industries (P) Ltd to CRI Amalgamations (P) Ltd through a family arrangement for a meager amount of Rs.1000/-?*

*2. Whether on the facts and circumstances of the case and in law, the Ld. Income Tax Appellate Tribunal was justified in allowing the royalty payment, when the value of the CRI Trade Mark as fixed by the directors of the transferor company was low and the payment made to the holding company as royalty for using the trade mark was excessive and unreasonable having regard to the fair market value of the trade mark itself?*

*3. Whether on the facts and circumstances of the case and in law, the Ld. Income Tax Appellate Tribunal is justified in not considering the Section 40A(2)(a) and that there is a violation of Section 40A(2)(b) of the Income Tax Act irrespective of the fact that the recipient has offered the same to tax?"*

2. It is submitted by the learned Senior Standing Counsel appearing for the appellant Revenue that this matter is covered under the Low Tax Effect as per the recent Circular dated 17.09.2024, in Circular No.9/2024.

3. Hence, this appeal stands dismissed, as covered under the low tax effect and the substantial questions of law arising in this appeal are kept open to be decided at the later point of time. There shall be no order as to costs.

(R.S.K., J.) (C.S.N, J)
15.10.2024

Neutral Citation:Yes/No

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

(drm)

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