IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05.11.2024

CORAM

THE HON'BLE MR.JUSTICE R.SURESH KUMAR
AND
THE HON'BLE MR.JUSTICE C.SARAVANAN

Tax Case Appeal No.249 of 2024
and C.M.P.No. 23112 of 2024

Commissioner of Income Tax
Chennai. .... Appellant

Vs.

The Virudhunagar District Central
Co-operative Bank Limited
104/1, Madurai Road, Post Box No.8
Virudhunagar 626 001. .... Respondent

Tax Case Appeal filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, 'A' Bench Chennai, dated 12.05.2023 made in I.T.A.No.543/Chny/2022.

For Appellant : Mr.J.Narayanaswamy
Senior Standing Counsel

J U D G M E N T

(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 on the facts and in the circumstances of the case, the appellate Tribunal was right in holding that the order of revision u/s.263 is liable to be set aside on the ground that the issue is debatable even though it is admitted that the standard assets are recoverable in nature.*
2. *Whether on the facts and in the circumstances of the case, the appellate Tribunal is right in holding that provision created for standard assets is liable for deduction under Section 36(1)(viia) of the Income Tax Act, 1961?*
3. *Whether on the facts and in the circumstances of the case, the appellate Tribunal is right in not appreciating that standard assets are considered as performing and recoverable assets and are not in the nature of bad debts and hence the provision created for standard assets is not allowable as deduction under Section 36(I)(viia) of the Income Tax Act, 1961?*
4. *Whether on the facts and in the circumstances of the case, the appellate Tribunal is right in allowing deduction u/s.36(1)(viia) on the provisions created against the standard assets on the ground that assessee has actually created a valid provision on the expectation that the assets may become bad in future?*

2. It is brought to our notice by the learned 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 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. No costs. Consequently, connected miscellaneous petition is closed.

(R.S.K.,J.) **(C.S.N.,J.)**
05.11.2024

NCS : Yes/No
KST

To

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

R.SURESH KUMAR, J.

AND
C.SARAVANAN, J.

KST

T.C.A.No.249 of 2024

05.11.2024