**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

**DATED: 23.10.2024**

**CORAM**

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

**Tax Case Appeal No.406 of 2017**

Principal Commissioner of Income Tax
No.63, Race Course Road, Coimbatore. .... Appellant

Vs.

CRI Pumps Pvt Ltd
7/46-1 Keeranatham Road
Saravanamatti, Coimbatore -35.
PAN AAA CC 9497 N .... Respondent

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Tax Case Appeal filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, 'D' Bench Chennai, dated 30/11/2016 in ITA.No.1012/Mds/2015.

For Appellant : Mr.Karthik Ranganathan
Senior Standing Counsel
For Respondent : Mr.A.S.Sriraman

**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 circumstances of the case, the ITAT is 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, the ITAT is 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, the Hon'ble ITAT 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 receipt has offered the same to tax?*

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.

**(R.S.K.,J.)** **(C.S.N.,J.)**
**23.10.2024**

NCS : Yes/No
KST

To

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

**R.SURESH KUMAR, J.**

**AND**
**C.SARAVANAN, J.**

KST

**T.C.A.No.406 of 2017**

**23.10.2024**