IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 01.10.2024

CORAM

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

Tax Case Appeal No.650 of 2017

The Commissioner of Income Tax
Chennai ... Appellant

Vs.

M/s.Reynolds Pens India Pvt Ltd
Plot No.21, SIPCOT Industrial Complex
Irungattukottai, Pennallur PO
Chennai 602 105. ... Respondent

Tax Case Appeal filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, Madras 'C' Bench, Chennai, dated 29.07.2016 made in ITA No.2269/MDS/2015.

For Appellant : Mrs.V.Pushpa
Senior Standing Counsel

For Respondent : Mr.S.P.Chidambaram

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, 'C'

Bench, Chennai and the appeal was admitted on the following substantial question of law:

> "" *i. Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the receipt of fixed charges recovery, discount receipts, foreign exchange gains, export entitlements, sale of scrap and reversal of excess provision are to be allowed while calculating deduction under Section 10B even though the same are not profits from the eligible business?*
>
> *ii. Is not the finding of the Tribunal bad especially when the receipt of export entailment or incentive which flow from the scheme framed by the Central Government or under Section 75 of the Customs Act and are not profits derived from the eligible business but are only ancillary profits as held by the Apex Court in the case of Liberty India Ltd. ? And*
>
> *iii. Whether on the facts and in the circumstances of the case, the Tribunal was right in not considering the fact that income from fixed recovery charges, discount receipt, foreign exchange gains, export entitlement, sale of scraps and reversal of excess provisions are only attributable to business and not derived from eligible business while calculating deduction under Section 10B ?""*

2. It is brought to our notice by the learned Standing Counsel for the appellant Revenue that in the instant case, the tax effect is said to be less than the monetary limit imposed and therefore, the appeal filed by the Revenue 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 said submission, 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.)
01.10.2024

NCS : Yes/No
Index : Yes/No
KST

To

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

R.SURESH KUMAR, J.

AND
C.SARAVANAN, J.

KST

T.C.A.No.650 of 2017

01.10.2024