IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 19.11.2024

CORAM

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

Tax Case Appeal No.227 of 2022

Principal Commissioner of Income Tax
(Exemptions-II/The ITO (Exemptions)
Ward-2, Ayakar Bhavan, Annexe Building
III Floor, 121, MG Road, Nungambakkam
Chennai 600 034. .... Appellant

Vs.

M/s.Bhakthavatsalam Memorial Trust
Plot No.14, 31st Street, Periyar Nagar
Korattur, Chennai 600 080. .... Respondent

Tax Case Appeal filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, 'C' Bench Chennai, dated 11.01.2018 made in I.T.A.No.971/Mds/2014.

For Appellant : Mrs.V.Pushpa
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 law in holding that the assessee is eligible for exemption u/s.11 of the IT Act, 1961 without appreciating the fact that there is a complete mismatch between the objects of the assessee trust and that of the recipient trust to which the assessee had advanced money?*
2. *Whether on the facts and in the circumstances of the case, the Hon'ble ITAT was right in law in holding that there was no violation u/s.13(1)(b) of the Income Tax Act, 1961 irrespective of the fact that the recipient trust is established for the welfare of a particular religious community?*
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 Tribunal was right in holding that there was no violation u/s.13(1)(b) of the Income Tax Act, 1961 without appreciating the fact that there is a complete failure on the part of the assessee to accumulate and invest the funds in terms of the provisions of Section 11(5) of the I.T.Act?*

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.)**
19.11.2024

NCS : 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.227 of 2022

19.11.2024