Suppl. Od 1.

IN THE HIGH COURT AT CALCUTTA
SPECIAL JURISDICTION (INCOME TAX)
ORIGINAL SIDE

ITA/58/2018
IA NO: GA/1/2017(Old No:GA/502/2017)
PRINCIPAL COMMISSIONER OF INCOME TAX-1, KOLKATA
VS
HOOGHLY MILLS CO. LTD.

BEFORE :
THE HON'BLE THE CHIEF JUSTICE T.S SIVAGNANAM
-A N D-
HON'BLE JUSTICE HIRANMAY BHATTACHARYYA
DATE : January 22, 2025.

Appearance :
Mr. Smarajit Roychowdhury, Adv.
..for appellant
Ms. A. Shukla, Adv.
Mr. Aritra Nag, Adv.
…for respondent

The Court: - This appeal has been filed by the revenue under Section 260A of the Income Tax Act, 1961 challenging the order dated 8.4.2016 passed by the Income Tax Appellate Tribunal “A” Bench, Kolkata in I.T.A. No. 601/Kol/2011 for the assessment year 2006-07, I.T.A. No. 746/Kol/2011, I.T.A. No. 548/Kol/2011, I.T.A. No. 747/Kol/2011 and I.T.A. No. 598/Kol/2011 for the assessment year 2007-08 respectively.

The appeal was admitted on 14.5.2018 on the following substantial questions of law:-

i) Whether the gratuity payable by an assessee to its employees who have retired during the previous year can be allowed as a deduction without any provision in the books of accounts?

In ITAT No. 358 of 2016 two further questions arise of substantial importance:

i) Whether deemed dividend under Section 2(22)(e) of the Income Tax Act, 1961 can be taxed only in the hands of the registered shareholder?

ii) Whether the assessee is a company in which shareholders of the lenders have a substantial interest within the meaning of Section 2(22)(e) read with Section 2(32) of the Income Tax Act, 1961?"

It is submitted by the learned Advocate for the respondent/assessee that the revenue cannot prosecute this appeal as the tax effect is below the monetary limit, prescribed in the Circular issued by the Central Board.

As could be seen from paragraph 18 of the Memorandum of Appeal that the tax effect for 2006-07 as well as for the assessment year 2007-08 are well below the monetary limit fixed by the Central Board.

Hence, the revenue cannot pursue the appeal any further.

Accordingly, the appeal stands dismissed and the substantial questions of law as suggested by the revenue are left open.

Consequently, connected applications stand also closed.

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(T.S. SIVAGNANAM)
CHIEF JUSTICE

(HIRANMAY BHATTACHARYYA, J.)

pkd/GH.