IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 12.06.2025

CORAM :

THE HON'BLE MR.K.R.SHRIRAM, CHIEF JUSTICE
AND
THE HON'BLE MR.JUSTICE SUNDER MOHAN

TCA No.1133 of 2010

Commissioner of Income Tax – LTU
Chennai

Appellant

Vs

M/s.Rane Brake Lining Ltd
(Formerly Known as Rane Brake Linings Ltd)
“Maithri” 132, Cathedral Road
Chenai-600 086

Respondent

Prayer: Appeal filed under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal “A” Bench, Chennai, dated 04.06.2010 in ITA No.105/Mds/2009.

For Appellant: Ms.V.Pushpa
Sr. Standing Counsel

For Respondent: Mr.R.Vijayaraghavan
for M/s.Subbaraya Aiyar
Padmanabhan
Ramamani

JUDGMENT
(Delivered by the Hon'ble Chief Justice)

The appeal impugns the order dated 04.06.2010 passed by the Income Tax Appellate Tribunal (ITAT) "A"Bench, Chennai.

2. Appeal was admitted on 21.12.2010 on the following substantial questions of law:

> *"1.Whether on the facts and in the circumstances of the case, the Income-tax Appellate Tribunal was right in holding that the deduction u/s.80HHC had to be given without reducing the deduction u/s.80IB?*
> *2. Whether on the facts and in the circumstances of the case, the Income-tax Appellate Tribunal was right in holding that the scrap sales could not be included in the total turnover for the purpose of computation of deduction u/s.80HHC?"*

3. The first question of law as framed in this appeal is squarely covered by the judgment of the Apex Court in the case of ***Shital Fibers Limited v. Commissioner of Income Tax***[1], where the Apex Court while approving the view taken by the Bombay High Court in the case of ***Associated Capsules (P) Ltd. v. Deputy Commissioner of Income Tax and another***[2], which was approved by the Apex Court in the case of ***Assistant Commissioner of Income Tax, Bangalore v. Micro Labs Limited***[3], has held that deduction under Section 80HHC of the Income Tax Act, 1961 (the Act) had to be given without reducing the deduction under Section 80IB of the Act.

4. As regards the second question of law, the Apex Court in the case of ***Commissioner of Income-tax-VII, New Delhi v. Punjab Stainless Steel Industries***[4] has held that the proceeds generated from the sale of scrap could not be included in total turnover for the purpose of computation of deduction under Section 80HHC of the Act.

1 2025 SCC OnLine SC 1178
2 (2011) SCC OnLine Bombay 27
3 (2015) 17 SCC 96
4 [2014] 46 taxmann.com 68 (SC)

4. The questions of law are, therefore, answered in the affirmative.

Appeal is dismissed accordingly. There shall be no order as to costs.

(K.R.SHRIRAM, CJ.) (SUNDER MOHAN, J.)
12.06.2025

Index : Yes
Neutral Citation : Yes
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To:

1. The Assistant Registrar
   Income Tax Appellate Tribunal
   "A" Bench, Chennai.

2. The Commissioner of Income Tax (A)-V
   Chennai.

3. The Income Tax Officer (OSD)
   Company Range V(3)
   Chennai

THE HON'BLE CHIEF JUSTICE
AND
SUNDER MOHAN,J.

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