IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 22.08.2025

CORAM :

THE HONOURABLE MR. MANINDRA MOHAN SHRIVASTAVA,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE SUNDER MOHAN

TCA No.733 of 2016

The Karur Vysya Bank Limited Ltd.
Erode Road
Karur 639 001
PAN: AAACT3373J .. Appellant

Vs.

The Additional Commissioner of Income Tax
Income Tax Range – 1
Tiruchirapalli. .. Respondent

Prayer : Appeal under Section 260A of the Income Tax Act, 1961 against the order dated 29.02.2016 passed in ITA No.1640/Mds/2014 on the file of Income Tax Appellate Tribunal, B Bench, Chennai.

For Appellant	:	Mr.R.Venkatanarayan For M/s. Subbaraya Aiyar Padmanabhan Ramamani
For Respondent	:	Mr.J.Narayanasamy Senior Standing Counsel

JUDGMENT
(Judgment of the Court was delivered by
the Hon'ble Chief Justice)

The following questions of law have been framed by this Court while admitting this appeal:

> *"(i) Whether the Tribunal was right in law in directing the Assessing Officer to work out the disallowance of expenses by applying Rule 8D(2)(iii) when the Assessing Officer himself has disallowed only 2% of the exempt income?*
>
> *(ii) Whether on the facts and in the circumstances of the case, in the assessee appeal the Tribunal can direct reworking of disallowance which will result in enhancement of assessed income? and*
>
> *(iii) Whether on the facts and in the circumstances of the case the Tribunal was right in holding that Rule 8D(2)(iii) would be applicable when the shares are held as stock in trade?"*

2. At the outset, learned counsel for respondent would submit that similar issue had earlier arisen between the same parties in TCA Nos.509 to 511 of 2010.

3. In respect of assessment years 1996-97, 1997-98 and 1998-99, those appeals have been finally disposed of by this Court vide order dated 08.02.2022, placing reliance on the decision of the Supreme Court in the case of ***South Indian Bank Ltd. v. Commissioner of Income Tax [(2021) 130 taxmann.com 178 (SC)]***.

4. Learned counsel for appellant would submit that this Court only clarified that upon remand, as ordered by appellate Tribunal, the Assessing Officer shall pass fresh order strictly in accordance with Supreme Court verdict in ***South Indian Bank Ltd.***

5. In the light of the order passed by this Court on 08.02.2022 in TCA Nos.509 to 511 of 2010, as between the present assessee and the revenue, this petition is disposed of upholding the order of remand by the Tribunal, with a direction to Assessing Officer to decide the issue, upon remand, strictly in accordance with law laid down by the Supreme Court in the case of ***South Indian Bank Ltd.***

6. Appeal is, accordingly, disposed. All other issues are left open for consideration by Assessing Officer. There shall be no order as to costs.

(MANINDRA MOHAN SHRIVASTAVA, CJ) (SUNDER MOHAN,J)
22.08.2025

Index : Yes/No
Neutral Citation : Yes/No

kpl

To

1. The Assistant Registrar
   Income Tax Appellate Tribunal
   Chennai.

2. The Additional Commissioner of Income Tax
   Income Tax Range – 1
   Tiruchirapalli.

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

(kpl)

TCA No.733 of 2016

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