IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 26.09.2025

CORAM

THE HON'BLE MR.MANINDRA MOHAN SHRIVASTAVA,
CHIEF JUSTICE
AND
THE HON'BLE MR.JUSTICE G.ARUL MURUGAN

WP No.36477 of 2025

M/s.Coromandel Cables Pvt Ltd.,
rep. By its Managing Director
Rani Gopinath : Petitioner

versus

1.The Secretary Revenue,
Department of Revenue,
Ministry of Finance, North Block,
New Deli 110 001

2.The Chairman,
Central Board Direct Taxes,
Department of Revenue
Ministry of Finance, North Block,
New Delhi 110 001

3.The Chief Commissioner of Income Tax,
121, MG Road, Nungambakkam,
Chennai 600 034

4.The Deputy Commissioner of Income Tax,
Company Circle 1(3), Aayakar Bhavan
121, M.G. Road, Nungambakkam,
Chennai 600 034 : Respondents

Prayer: Petition filed under Article 226 of the Constitution of India for issuance of a Writ of Declaration declaring Section 80 AC of the Income Tax Act, 1961 as procedural, directory and not mandatory with a direction to respondent No.4 to allow deduction under Section 80IB 10 of the Income Tax Act for all the Assessment years 2006-07 to 2011-12 respectively and pass such further appropriate Orders in the form of direction deem fit and proper in the circumstances of the case of the petitioner to protect the rights guaranteed under Articles 14, 19(1)(g) and 21 of the Constitution of India.

For Petitioner : Mr.M.Gopinath

ORDER

(Order of the Court was made
by the Hon'ble Chief Justice)

Challenge to the valdity of Section 80AC of the Income Tax Act is triggered in the light of the observation made in paragraph 117 of a Division Bench judgment of this Court while deciding TCA No.294/2018 and batch of appeals ***(M/s.Coromondel Cables Pvt. Ltd vs. Asst. Commissioner of Income Tax, Chennai)***.

2. Learned counsel for the petitioner would submit that while deciding the appeals, the Division Bench has made observation that though prima facie it finds that provision contained in Setion 80AC of the I.T. Act is directory and not mandatory, it is only a prima facie consideration and it was left to be considered by the appropriate Bench to challenge such a provision.

3. Section 80AC of the Income Tax Act, 1961 is as follows:

> ***"Section 80AC. Deduction not to be allowed unless return furnished.-***
>
> *Where in computing the total income of an assessee of any previous year relevant to the assessment year commencing on the 1st day of April, 2006 or any subsequent assessment year, any deduction is admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or Section 80-ID or Section 80-IE; no such deduction shall be allowed to him unless he furnishes a return of his income for such assessment year on or before the due date specified under sub-Section (1) of section 139."*

4 It is well settled that validity of a legislation could be challenged only on limited and permissible grounds viz., it lacks legislative competence or that it violates any of provisions of the Constitution of India or suffers from manifest arbitrariness. In the case of a tax law, challenge could be laid on additional ground that it is confiscatory in nature.

5. There is nothing in the petition; nor any ground has been put-forth before us that the provision suffers from any of the aforesaid

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infirmities, which would warrant declaration by a Constitutional Court that the provision is ultra vires the Constitution of India.

6. We find that while deciding the appeals, Division Bench of this Court has already observed that the provision contained in Section 80AC is not mandatory but directory. That is only a prima facie view.

7. Whether a particular provision is mandatory or directory is essentially a matter which does not require challenge to the validity of the provision, but in appropriate cases, it may be appropriately interpreted, if so warranted. Subject to the aforesaid observation, this Court finds no merits in the petition. The petition stands dismissed. There will be no order as to costs.

(MANINDRA MOHAN SHRIVASTAVA, CJ.) (G.ARUL MURUGAN, J.)
26.09.2025

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE

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