IN THE HIGH COURT OF JUDICATURE AT MADRAS

Judgment Reserved on : 15.04.2026

Judgment Delivered on : 02.06.2026

Coram:

THE HONOURABLE Dr.JUSTICE G.JAYACHANDRAN
and
THE HONOURABLE MR.JUSTICE R.SAKTHIVEL

T.C.A.No.1518 of 2007

M/s.Limitex,
60-A5, First floor,
Palladam Road,
Arulpuram Post,
Tirupur-641 605. .. Appellant

Vs.

The Assistant Commissioner of Income Tax,
Tirupur Circle,
Tirupur. .. Respondent

Tax Case Appeal filed under Section 260-A of the Income Tax Act, 1961, against the order dated 29.06.2007 made in I.T.A.No.1787/Mds/2006, on the file of the Income Tax Appellate Tribunal, Chennai Bench-D.

For appellant : Mr.R.Sivaraman

For respondent: Mr.V.Mahalingam,
Senior Standing Counsel and
M/s.Per Mangala Suvigaram,

Junior Standing Counsel

JUDGMENT

Dr.G.Jayachandran, J

The appellant herein is the manufacturer of hosiery garments. For the assessment year 2003-2004, the Return for the income, was filed by the appellant admitting the total income of Rs.17,08,200/-. The matter was taken up for scrutiny and the assessment was completed by restricting the deduction under Section 80-HHC of the Income Tax Act, on the profit after deduction under Section 80-IB by applying sub-section (9) of Section 80-IB of the Act. Aggrieved by the assessment order, the assessee has appealed before the Commissioner of Income Tax (Appeals) in I.T.A.No.256-C/05-06. The appellate authority allowed the assessee's appeal. Assailing the order of the appellate authority, the Revenue went on appeal before the Income Tax Appellate Tribunal, Chennai in I.T.A.No.1787/Mds/06. The Tribunal allowed the appeal by following its decision rendered in Rogini Garments case. The present appeal is filed by the assessee on various grounds.

2. At the time of admission of this appeal, along with T.C.A.No.1516 and 1519 of 2007, this Court framed the following substantial questions of law on 12.12.2007:

(i) Whether the relief under Section 80-IB should be deducted from profits and gains of business before computing relief under Section 80-HHC ?

(ii) Whether the Tribunal erred in failing to deal with the appellant's alternative submission admittedly raised before it, to the effect that the appellant should first be granted a deduction under Section 80-HHC of the Act and thereafter, a deduction under Section 80-IB of the Act ?

3. In the course of arguments, learned counsel for the appellant submitted that the substantial questions of law framed in this appeal, are covered by a decision of the Honourable Supreme Court in *Shital Fibres Limited Vs. Commissioner of Income Tax,* reported in 2025 (174) Taxmann.com 807 (SC), wherein the Apex Court observed as follows:

> " … … Section 80-HHC provides for a deduction in respect of profits retained for export business. The provision is applicable to a company or a person engaged in business of export out of

India of any goods or mercantile to which the Section applies. In computing the total income, the assessee is entitled to deduction to the extent of percentage of profits set out in Subsection (1B) of Section 80 HHC.

17. Section 80-IA deals with deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development etc. Sub-section (1) provides that when the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in Sub-section (4), in computing total income, the assessee will be entitled to deduction of an amount equal to hundred per cent of profits and gains derived from such business for ten consecutive years.

18. Section 80-IB deals with deductions in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings. The deduction under said provision is applicable when gross total income of an assessee includes any profit or gain derived from any

business mentioned in various Sub-sections of Section 80-IB. An assessee is entitled to a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in the Section."

4. In view of the above authoritative pronouncement of the Honourable Supreme Court in the said Shital Fibres Limited case, the matter has to be remanded back for re-computing the tax by following the dictum laid down by the Apex Court in the said Shital Fibres Limited case.

5. Hence, in respect of the first substantial question of law, the matter is remanded back to the Assessing Officer to re-compute the tax payable by following the dictum of the Honourable Supreme Court laid down in the above said Shital Fibres Limited case.

6. Insofar as the second substantial question of law, is concerned, it is only an alternative prayer. In view of the above findings and directions, there is no necessity to answer the second substantial question of law.

7. In the result, the impugned order of the Tribunal is set aside. The matter is remanded back to the Assessing Officer for re-computing all the taxes payable by the assessee, in the light of the above direction of the Honourable Supreme Court.

8. With the above observations/direction, this appeal is disposed of. There shall be no order as to costs.

(G.J., J) (R.S.V., J)

02.06.2026

Index: Yes/no

Speaking Order: Yes/no

Neutral Case Citation: Yes/no

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To

The Assistant Commissioner of Income Tax,
Tirupur Circle,
Tirupur.

Dr.G.Jayachandran, J

and

R.Sakthivel, J

cs

Pre-delivery Judgmenbt
in T.C.A.No.1518 of 2007

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