IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 27-04-2026

CORAM

THE HON'BLE DR JUSTICE G. JAYACHANDRAN
AND
THE HON'BLE MR.JUSTICE SHAMIM AHMED

Tax Case No. 1399 of 2008

M/s.Rogini Garments
1, Kasipalayam Road,
Nallur, Tirupur.

..Petitioner

Vs

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

..Respondent

PRAYER: Tax Case is filed under Section 260A of the Income-Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Chennai "D" Bench, dated 27.11.2009 made in ITA No.336/Mds/2009 for the Assessment Year 2000-01.

For Petitioner: M/s.R.Sivaraman

For Respondent: Mr.V.Mahalingam Senior Standing Counsel and Mr.P.E.R.Mangala Suvigaran Junior Standing Counsel

ORDER

(Order of the Court was made by Dr.G.Jayachandran J.)

This Tax Case has been filed by the assessee, being aggrieved by the order passed by the Tribunal allowing the Revenue's appeal.

2. This Court framed the following substantial questions of law for consideration:

> *"1.Whether relief under Section 80IA should be deducted from profits and gains of business before computing relief under Section 80HHC?*
>
> *2.Whether the ITAT erred in failing to deal with the appellant's alternative submission, that the appellant should first be granted a deduction under Section 80HHC of the Act and thereafter a deduction under Section 80IA of the Act?*
>
> *3.Whether the ITAT is right in treating the purchased effected by the petitioner through account payee cheques and proved the same through its yield ratio as non-genuine and added to the income?"e core issue pertains to the mode of computing taxable income while applying the deduction provisions under Sections 80HHC and 80IA of the Income Tax Act.*

3. The core issue pertains to the mode of computing taxable income while applying the deduction provisions under Sections 80HHC and 80IA of the Income Tax Act.

4. Though the Department has succeeded before the Tribunal in contending that the deduction under Section 80IA takes precedence over the deduction under Section 80HHC. Consequently, the Department submitted that

Section 80HHC deduction should not be calculated on the total income disclosed by the assessee, but only on the balance income available after deducting the Section 80IA claim. This issue has been considered by the Hon'ble Supreme Court, in ***M/s. Sital Fibres Ltd. v. Commissioner of Income Tax [2021 430 ITR (141)]*** has held that the method of computation propounded by the Department is contrary to the spirit of the Chapter VI-A of the Act. The Apex Court has laid down specific guidelines on how the taxable income is to be computed in such instances.

5. In view of the above judgment, the substantial questions of law framed by this Court are answered in favour of the assessee.

6. Accordingly, the Tax Case stands allowed. The order of the Tribunal is set aside and the matter is remanded to the Assessing Officer to pass fresh orders by following the guidelines laid down in M/s.Sital Fibres.

(G.J.,J.) (S.S.A.,J.)
27-04-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

rpl

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

DR.G.JAYACHANDRAN J.
and
SHAMIM AHMED J.

rpl

Tax Case No. 1399 of 2008

27-04-2026