IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on :15.04.2026

Pronounced on :02.06.2026

CORAM

THE HONOURABLE DR. JUSTICE G. JAYACHANDRAN
AND
THE HONOURABLE MR.JUSTICE R.SAKTHIVEL

Tax Case Appeal No.809 of 2008

M/s Fisher Sanmar Limited,
(Formerly Fisher Xomox Sanmar Limited),
9 Cathedral Road,
Chennai 600 086. ..Appellant/Appellant

/versus/

The Assistant Commissioner of Income Tax,
Company Circle-II (1),
Chennai-34. .. Respondent/Respondent

Tax Case Appeal has been filed under Section 260A of Income Tax Act, 1961, against the Order of the Income Tax Appellate Tribunal, "A" Bench, Chennai dated 29th June, 2007 in ITA No.1860/Mds/2003.

For Appellant :Mr.R.Venkatanarayanan
M/s Subbaraya Aiyar

For Respondent :Mrs.V.Pushpa,
Senior Standing Counsel

JUDGMENT

(Judgment was delivered by Dr.G.JAYACHANDRAN,J.)

The appellant company is carrying on business of manufacturing and sale of industrial valves. The assessee has furnished return of income for the assessment year 2000-01 declaring a taxable income of Rs.6,62,12,330/-. The return of income was processed under Section 143(1)(a) and after scrutiny, statutory notice under Section 143(2) was issued and the assessment order was passed on 10.03.2003.

2. Being not satisfied, the assessee has filed an appeal in ITA No.56/2003-04/A-III before the Commissioner of Income Tax(Appeals) and the Commissioner has partly allowed the appeal on 23.07.2003. Against which, the assessee has filed an appeal before ITAT in ITA No.1860/Mds/2003 for the Assessment Year 2000-2001on the ground that the Commissioner erred in upholding the views of the Assessing Officer in disallowing the deduction as claimed. The Tribunal has partly allowed the appeal filed by the assessee on 29.06.2007. Still not satisfied, the assessee has filed the present appeal.

3. At the time of admission, this Court has framed the following Substantial Question of Law for consideration:-

> ***"Whether on the facts and in the circumstances of the case, the Tribunal was right in law in holding that the relief under Section 80IA should be deducted from profits and gains of business before computing relief under Section 80HHC?***

4. In the course of argument, the learned counsel appearing for the appellant and the learned Senior Standing Counsel appearing for the respondent submitted that the substantial questions of law involved in this case is covered by the judgment of the Hon'ble Supreme Court in ***Shital Fibres Limited v. CIT reported in [(2025) 174 TAXMANN.com 807 (SC)].*** The relevant portion of the judgment in the Shital Fibres Limited case (cited supra), is as below:-

> "19. In this context, now the provision of Sub-section (9) of Section 80-IA must be considered. Sub-section (9) of Section 80-IA reads thus:
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> > "(9) Where any amount of profits and gains of an undertaking or of an enterprise in thecase of an assessee is claimed and allowed under this section for any assessment year, deduction to the

> extent of such profits and gains shall not be allowed under any other provisions of this Chapter under the heading 'C.— Deductions in respect of certain incomes,' and shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be." Let us analyse Sub-section (9). It is applicable where any amount of profits and gains of an undertaking or enterprise is claimed and allowed under Section 80-IA. As stated earlier, the deduction is to the extent of percentage of profits and gains derived from certain category of businesses. Sub-section (9) of Section 80-IA provides that the deduction to the extent of profit or gain shall not be allowed under any other provisions under heading 'C' of Chapter VI-A. It is further provided in Sub-section (9) that in no case, the deduction allowed under any other provision of Chapter VI-A under the heading 'C' shall exceed profits and gains of such eligible business of undertakings or enterprises, as the case may be.

20. Therefore, on plain reading of Sub-section (9) of Section 80-IA, if a deduction of profits and gains under Section 80-IA is claimed and allowed, the deduction to the extent of such profits and gains in any other provision under the heading 'C' is not allowed. The deduction to the extent allowed under Section 80-IA cannot be allowed under any other provision under heading 'C'. Therefore, if deduction to the

extent of 'X' is claimed and allowed out of gross total income of 'Y' under Section 80-IA and the assessee wants to claim deduction under any other provision under the heading 'C', though he may be entitled to deduction 'Y' under the said provision, he will get deduction under the other provisions to the extent of (Y-X) and in no case total deductions under heading 'C' can exceed the profits and gains of such eligible business of undertaking or enterprise.

21. Sub-section (9) of Section 80-IA, on its plain reading, does not provide that when a deduction is allowed under Section 80-IA, while considering the claim for deduction under any of the provision under heading 'C', the deduction allowed under Section 80-IA should be deducted from the gross total income. The restriction under sub-section (9) of Section 80-IA is not on computing the total gross income. It restricts deduction under any other provision under heading 'C' to the extent of the deduction claimed under Section 80- IA."

5. In view of the authoritative pronouncement of the Hon'ble Supreme Court in case of *Shital Fibers Limited case (cited supra),* the matter is to be remanded back for recomputing the tax, by following the dictum laid down in the above judgment to the effect that the deduction under Section 80 HHC of the IT Act has to be given, without reducing the deduction under Section 80 IB of the Act. Accordingly, the substantial questions of law is answered.

6. In the result, **the Tax Case Appeal is disposed of.** The order of the ITAT impugned in the appeal is set aside. The matter is remanded back to the Assessing Officer for fresh assessment, in the light of the directions given above. No order as to costs.

(G.JAYACHANDRAN, J.) **(R.SAKTHIVEL, J.)**

02.06.2026

Neutral Citation:yes/no
Index:yes/no
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To

The Assistant Commissioner of Income Tax,
Company Circle-II (1),
Chennai-34.

Dr.G.JAYACHANDRAN, J.
and
R.SAKTHIVEL,J.

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delivery Judgment made in
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