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.907 of 2008

M/s.Tamil Nadu Newsprint and Papers Ltd.,
67, Mount Road,
Chennai-600 032. .. Appellant

Vs.

The Income Tax Officer,
Company Circle-III(1),
Chennai-600 034. .. Respondent

Tax Case Appeal filed under Section 260-A of the Income Tax Act, 1961, against I.T.A.No.522 of 2007 (Assessment Year 2003-04) on the file of the Income Tax Appellate Tribunal, Madras "C" Bench, dated 31.01.2008.

For appellant : M/s.R.Vijayaraghavan, Mr.R.Venkatanarayanan

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

JUDGMENT

Dr.G.Jayachandran, J

This appeal is filed by the assessee being aggrieved by the order of the Income Tax Appellate Tribunal, holding that the relief under Section 80-IA of the Income Tax Act, should the deducted from profits and gains of the business along with computing the relief under Section 80-HHC of the Income Tax Act.

2. According to the appellant/assessee, the Tribunal ought to have appreciated the deduction under Section 80-HHC from the profits of the business export, whereas, the deduction is permissible under Sections 80-IA and 80-IB and 80-HHC, which are based on the profits derived from the undertaking.

3. At the time of admission of this appeal, this Court framed the following substantial questions of law on 09.07.2008 :

> "(i) Whether on the facts and in the circumstances of theccase, the Tribunal was right in law in holding that the relief under Section 80-IA should be deducted from profits and gains of business before computing relief under Section 80-HHC ?
>
> (ii) Whether on the facts and circumstances of the case, the Tribunal was right in law in holding that the appellant is not entitled to deduction under Section 80-HHC of the Act in respect of the interest income earned out of business operations ?"

4. In respect of the first substantial questions of law, it is covered by the judgment of the Honourable Supreme Court in the case of Shital Fibres Limited Vs. CIT reported in (2025) 174 Taxmann.com 807 (SC),

5. The second substantial question of law is covered by the judgment of the Honourable Supreme Court reported in the case of ACG Associated Capsules (P) Ltd. Vs. CIT, reported in (2012) 18 Taxmann.com 137.

6. In view of the above precedent, this Court directs the Assessment Officer to re-compute the tax by following the dictum laid down by the Supreme Court in the case of Shital Fibres Limited Vs. Commissioner of Income Tax, reported in 2025 (174) Taxmann.com 807 (SC) and also the decision of the Supreme Court in the case of ACG Associated Capsules (P) Ltd. Vs. Commissioner of Income Tax, reported in 2012 (18) Taxmann.com 137.

7. In the result, this appeal is disposed of, with the above direction.

(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 Income Tax Officer,
Company Circle-III(1),
Chennai-600 034.

Dr.G.Jayachandran, J

and

R.Sakthivel, J

cs

Pre-delivery Judgment

in T.C.A.No.907 of 2008

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on 02.06.2026