The Commissioner Of Income Tax-I vs M/S. Chentech Computers Services P Ltd

ID: F2J-C-2638 **Court:** Madras High Court
Case: T.C.A.Nos.481 and 482 of 2011 **Date:** 2022-08-29

Madras High Court The Commissioner Of Income Tax-I vs M/S. Chentech Computers Services P Ltd on 29 August, 2022 Author: R.Mahadevan Bench: R. Mahadevan, Mohammed Shaffiq T.C.A.Nos.481 and 482 of 2011

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 29.08.2022

CORAM :

THE HONOURABLE MR. JUSTICE R. MAHADEVAN AND THE HONOURABLE MR. JUSTICE MOHAMMED SHAFFIQ

T.C.A.Nos.481 and 482 of 2011

The Commissioner of Income Tax-I, Chennai. ... Appellant in both TCAs

Versus

M/s. Chentech Computers Services P Ltd., No.75A, Dr.Radhakrishnan Salai, Mylapore, Chennai - 600 004. ... Respondent in both TCAs

Appeals preferred under Section 260A of the Income Tax Act, 1961, against the order dated 18.04.2011 passed by the Income Tax Appellate Tribunal, “B” Bench, Chennai, in I.T.A.Nos.216 and 217/Mds/2011.

For Appellant : Mr.T.Ravikumar Standing Counsel in both TCAs

For Respondent : Mr.R.Sivaraman in both TCAs

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T.C.A.Nos.481 and 482 of 2011

COMMON JUDGMENT

(Judgment of the Court was delivered by R.MAHADEVAN, J.) These tax case appeals have been filed by the appellant / Revenue, challenging the common order dated 18.04.2011 passed by the Income Tax Appellate Tribunal, “B” Bench, Chennai, in I.T.A.Nos.216 and 217/Mds/2011, relating to the assessment years 2006-07 and 2007-08.

2. By order dated 21.11.2011, this court admitted the aforesaid tax case appeals on the following substantial questions of law:

“(i) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in deleting the addition of interest accrued but not received on loans advanced, even though the assessee was following the mercantile system of accounting as required under the Company Law?

(ii) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in holding that the assessee was entitled to follow the hybrid system of accounting, by showing the interest on sticky loans on receipt basis, while otherwise following the mercantile system of accounting, contrary to the provisions of Section 145 of Income Tax Act? Page 2/5 https://www.mhc.tn.gov.in/judis T.C.A.Nos.481 and 482 of 2011 (iii) Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in holding that interest could be shown for income tax purposes on receipt basis, ignoring the special provisions contained in Section 43D of the Income Tax Act and Rules made there under specifying the class of assessees and categories of had and doubtful debts in respect of which such exclusion could be made?"

3. When the matters were taken up for consideration, the learned counsel for the appellant / Revenue brought to the notice of this court the Circular No.17/2019 dated 08.08.2019 issued by the Central Board Direct Taxes, wherein, it is stipulated that appeals shall not be filed/pursued by the Department before the High Court in cases where the tax effect does not exceed Rs.1,00,00,000/- (Rupees One Crore). It is also submitted that the tax effect in these appeals is less than the threshold limit.

4. In the light of the aforesaid submissions made by the learned counsel for the appellant / Revenue, the present appeals, wherein, the tax effect is said to be less than the monetary limit imposed, are dismissed as Page 3/5 https://www.mhc.tn.gov.in/judis T.C.A.Nos.481 and 482 of 2011 withdrawn, keeping open the substantial questions of law for determination in appropriate cases. No costs. (R.M.D., J.) (M.S.Q., J.) 29.08.2022

Internet : Yes Index : Yes / No av

To

1. The Income Tax Appellate Tribunal, “B” Bench, Chennai.

2. The Commissioner of Income Tax-I, Chennai.

3. The Assistant Commissioner of Income-tax, Circle - I(3), Chennai - 600 034.

4. The Commissioner of Income Tax (Appeals)-III, Chennai. Page 4/5 https://www.mhc.tn.gov.in/judis T.C.A.Nos.481 and 482 of 2011 R. MAHADEVAN, J. and MOHAMMED SHAFFIQ, J. av T.C.A.Nos.481 and 482 of 2011 29.08.2022 Page 5/5 https://www.mhc.tn.gov.in/judis