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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: **04-02-2025**

CORAM

THE HONOURABLE MR JUSTICE S. S. SUNDAR

AND

THE HONOURABLE MR JUSTICE C. SARAVANAN

TCA NO. 576 of 2008

Penta Media Graphics Ltd.,
1, 1st Main Road, United India Colony,
Kodambakkam, Chennai-24 ...Appellant

Vs

The Deputy Commissioner of Income Tax,
Company Circle VI(1),

Chennai-600034 ...Respondent

For Appellant: Mr.G.Baskar For
M/s.N.Muthu Kumar
For Respondent: Mr.J.Narayanasamy, Sr Standing Counsel

JUDGMENT

(Order of the Court was made by the Hon'ble S.S.Sundar J.)

This appeal is directed against the formal order of the Income Tax Appellate Tribunal dated 31.12.2007 in ITA No. 2515/Mds /2005. In this appeal the appelalnt has raised the following substantial question of law to be answered;

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"1. Whether on the facts and in the circumstances of the case the Income

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Tax Appellate Tribunal was right in law in holding that the unreal sale proceeds of Rs.6127 lakhs should be reduced only from the ex[illegible] turnover'and cannot be reduced from the "total turnover' for the purpose of deduction under Section 10 B of the Income Tax Act 1961?"

2. Learned counsel for the appellant produced a judgment of the Hon'ble Division Bench of this Court in the case of ***Commissioner of Income Tax Vs. Teledata Informatics Ltd (Tax Case Appeal No. 741 of 2010, dated 03.12.2019) reported in [(2019) SCC Online Mad 14688]***. The relevant portion of the judgment is extracted hereunder;

> ***"21. On the issue of expenses on technical services provided outside, we have to follow the same principle of interpretation as followed in the case of expenses of freight, telecommunication etc., otherwise the formula of calculation would be futile. Hence, in the same way, expenses incurred in foreign exchange for providing the technical services outside shall be allowed to exclude from the total turnover"***

3. Learned senior standing counsel appearing for the respondent has not raised any serious objections and conceded the legal position.

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4. This Court, after considering the submissions of both parties and examining the legal position, is of the view that the the unrealised sale proceeds of assessee to the tune of Rs.6127 lakhs, which was reduced from the éxport turnover' should be reduced from the "total turnover'. Consequently, the substantial question of law is answered infavour of the assessee.

5. Accordingly, the present Tax Case Appeal is allowed. No costs.

(S.S.SUNDAR J.) (C.SARAVANAN J.)
04-02-2025

Index: Yes
Interenet : Yes/No
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To
The Deputy Commissioner of Income Tax,
Company Circle VI(1),

Chennai-600034

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S.S.SUNDAR,J

C.SARAVANAN, J.

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