

IN THE INCOME TAX APPELLATE TRIBUNAL
“E” Bench, Mumbai
Before Shri B.R. Baskaran (AM)& Ramlal Negi (JM)

I.T.A. No. 5715/Mum/2015
(Assessment Year 2011-12)

DCIT, CC-3(3) Room No. 401 Aayakar Bhavan M.K. Road Mumbai-400 020.	Vs.	M/s. Sharekhan Financial Services Pvt. Ltd. 10 th Floor, Beta Building Lodha I think Techno Park Off. JVLR, Opp Kanjurmarg Station, Mumbai-400 042.
(Appellant)		(Respondent)

PAN No.AAICS5627E

Assessee by	Shri Hiro Rai
Department by	Capt. Pradeep Argy
Date of Hearing	26.9.2016
Date of Pronouncement	26.9.2016

O R D E R

Per B.R. Baskaran (AM) :-

The appeal filed by the Revenue is directed against the order dated 10.9.2015 passed by learned CIT(A)-51, Mumbai and it relates to A.Y. 2011-12.

2. The Revenue is aggrieved by the decision of learned CIT(A) in deleting the interest disallowance made u/r. 8D(2)(ii) of the I.T. Rules read with section 14A of the I.T. Act.

3. The assessee is engaged in the business of financial services. During the year under consideration the assessee has received dividend income and claimed the same as exempt. The assessee disallowed a sum of ₹ 6,000/- u/s. 14A of the Act read with rule 8D of the I.T. Rules. The Assessing Officer, however, computed the disallowance by applying Rule 8D of the I.T. Rules at ₹ 65.69 lakhs, which included interest disallowance of ₹ 63.09 lakhs. Before learned CIT(A) the assessee submitted that interest free funds available with it is in excess of the investment made by it and hence no disallowance of interest

expenditure is called for, in view of the decision of Hon'ble Bombay High Court rendered in the case of Reliance Utilities and Power Ltd. (313 ITR 340). The assessee also submitted that Hon'ble Bombay High Court has taken an identical view in the case of HDFC Bank Ltd. and the Tribunal has also decided an identical issue in favour of the assessee in the assessee's own case for A.Y. 2007-08. Convinced with the contentions of the assessee, the learned CIT(A) deleted the interest disallowance and hence the Revenue has filed this appeal challenging the said decision.

4. We have heard the parties and perused the record. Learned Departmental Representative submitted that the assessee did not establish the nexus between the interest free funds and investment made by it. On the contrary, AR submitted that above said contention of the assessee have been duly considered by Hon'ble Bombay High Court in the case of HDFC Bank Ltd (366 ITR 505 and 383 ITR 529).

5. We have also gone through the copy of balance-sheet filed by the assessee. Perusal of the same would show that the interest-free fund available with the assessee is in excess of the amount of investment made by it during the year under consideration and also in the immediately preceding year. We notice that learned CIT(A) has duly taken note of these facts and mentioned the same in para 5 of his order. Hence in view of the decision rendered by Hon'ble Bombay High Court in the case of HDFC Bank Ltd. (supra), we do not find any infirmity in the decision rendered by learned CIT(A) on this issue.

6. In the result, appeal filed by the Revenue is dismissed.

Order has been pronounced in the Court on 26.9.2016

Sd/-
(RAMLAL NEGI)
JUDICIAL MEMBER

Sd/-
(B.R.BASKARAN)
ACCOUNTANT MEMBER

Mumbai; Dated : 26/9/2016

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT
5. DR, ITAT, Mumbai
6. Guard File.

//True Copy//

PS

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai