

**IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCH "H", MUMBAI**

**BEFORE SHRI C.N. PRASAD, HON'BLE JUDICIAL MEMBER AND  
SHRI RAJESH KUMAR, HON'BLE ACCOUNTANT MEMBER**

**ITA.No.4449/MUM/2016 (A.Y: 2007-08)**

**ITA.No.6798/MUM/2016 (A.Y: 2008-09)**

**&**

**ITA.No.6800/MUM/2016 (A.Y: 2011-12)**

<p>Asst. Commissioner of Income-tax – 5(1)(2) Room No.568, 5<sup>th</sup> Floor, Aayakar Bhavan, M.K.Road, Mumbai-400 020</p>	<p>v.</p>	<p>M/s. Choron Diamond (I) Pvt. Ltd. EC-1160, Bharat Diamond Bourse, BKC, Mumbai 400 051</p>
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**PAN NO: AABCC 5715 G**

**(Appellant)**

**(Respondent)**

**ITA.No.4379/MUM/2016 (A.Y: 2007-08)**

**&**

**ITA.No.5868 to 5871/MUM/2016**

**(A.Ys: 2008-09, 2010-11, 2011-12 and 2013-14)**

<p>M/s. Choron Diamond (I) Pvt. Ltd. EC-1160, Bharat Diamond Bourse, BKC, Mumbai 400 051</p>	<p>v.</p>	<p>Asst. Commissioner of Income-tax – 5(1)(2) Room No.568, 5<sup>th</sup> Floor, Aayakar Bhavan, M.K.Road, Mumbai-400 020</p>
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**PAN NO: AABCC 5715 G**

**(Appellant)**

**(Respondent)**

<b>Assessee by</b>	<b>:</b>	<b>Shri Mani Jain</b>
<b>Revenue by</b>	<b>:</b>	<b>Shri Omi Ningshen</b>

<b>Date of Hearing</b>	<b>:</b>	<b>05.10.2017</b>
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<b>Date of Pronouncement</b>	<b>:</b>	<b>30.10.2017</b>
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**ORDER****PER C.N. PRASAD (JM)**

1. These appeals are filed by the assessee and Revenue. Assessee filed appeals for the Assessment Years 2007-08, 2008-09, 2010-11, 2011-12 and 2013-14. Revenue filed appeals for the Assessment Years 2007-08, 2008-09 and 2011-12. Appeal for the Assessment Year 2007-08 is against the order of the Ld.CIT(A) -10 dated 14.03.2016 and the appeals for the Assessment Year 2008-09, 2010-11, 2011-12 and 2013-14 are against the common order passed by the Ld.CIT(A)-10, Mumbai dated 30.08.2016.

2. The assessee in all its appeals challenged the order of the Ld.CIT(A) in restricting the disallowance of purchases to 4% for the Assessment Year 2007-08 and 3% for the Assessment Years 2008-09, 2010-11, 2011-12 and 2013-14. The Revenue filed appeals against the order of the Ld.CIT(A) for the Assessment Years 2007-08, 2008-09 and 2011-12 in restricting the purchases treated as non-genuine to 4% and 3%.

3. Briefly stated the facts are that, the assessments for the Assessment Years 2007-08, 2008-09, 2010-11, 2011-12 and 2013-14 were reopened u/s. 147 of the Act based on the information received from

DGIT(Investigation), Mumbai that the assessee is one of the beneficiaries of bogus purchases made by certain entities operated/managed by Rajendra Jain group, Surendra Jain group, Bhanwarlal Jain group and Dharmichand group which are only the bogus concerns. During the course of search, in the cases of Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain they have admitted in the statement taken on oath u/s. 132(4) of the Act that they have indulged in providing accommodation entries and also admitted that these are paper companies with no real business transactions. It was also admitted by them that they are engaged in business of bill shopping through all the concerns due to which they do not have any physical stock of diamond with them at any of its places at any point of time. It was also admitted that they were merely lending names of various concerns to importer of diamonds who takes actual delivery. Based on this information from DGIT(Investigation) the assessments were reopened and in the course of re-assessment proceedings assessee was required to prove the genuineness of the purchases made from the entities operated by Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain. Assessee furnished its submissions along with copy of audited balance sheet, tax audit report, copy of return, PAN No of the entities from whom purchases were made, copy of ledger account, books

of those entities, confirmation of the account balances, copies of bank statements etc. to verify the genuineness of the purchases. The Assessing Officer issued notices u/s.133(6) of the Act to the parties and some of the parties have confirmed that the transactions from the assessee was genuine. However, the Assessing Officer not convinced with the submissions of the assessee and since no delivery challans were furnished to prove the delivery of goods have been actually made by the alleged suppliers to the assessee and since the Directors/Proprietors of the supplier companies/firms have deposed on oath that all the concerns controlled and managed by them are not doing any real trading in diamonds but indulged in paper transaction only, the Assessing Officer rejected the submissions of the assessee that the purchases made from these entities are genuine. The Assessing Officer stated that the statement recorded from Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain clearly established that all the concerns controlled and operated by them are not carrying out any genuine business activity.

4. It was also observed by the Assessing Officer that the report received from the office of the DGIT (Investigation) during the course of post search inquiries the *modus-operandi* followed by the group concerns

have been accepted by the key persons in the group. Even during the post search enquires Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain admitted the fact that they are engaged in paper transaction only without any physical stock of the goods in the name of their numerous concerns they import rough and cut and polished diamonds for the other clients who do not want to show import in their own books. Further these concerns issued bills accommodation entries in a commission to various parties who normally purchases diamonds in cash from undisclosed parties and need bills to show purchases against sales in their account. Further these concerns also provide accommodation entries to unsecured loan against cash. Therefore, the Assessing Officer concluded that the transactions made by these entities managed by Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain groups are only providing accommodation entries to the beneficiaries and assessee is one among such beneficiaries. Therefore, the Assessing Officer concluded that the material was debited against various suppliers have entered into stock register and the assessee has shown corresponding sales against the said purchases debited and this could only mean that the diamonds were brought by the assessee from the gray market without bill and to adjust these transactions into the Books of Accounts, assessee has obtained

bills from Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain group concerns. Therefore, he concluded that the assessee obtained only the bogus bills without movement of goods and goods were purchased in gray market by paying cash. Therefore taking note of all these factors into consideration the Assessing Officer in so far as the Assessment Year 2007-08 is concerned treated the entire purchases as non-genuine and in so far as other Assessment Years is concerned i.e. 2008-09, 2010-11, 2011-12 and 2013-14 he treated 12.5% of the purchases as non-genuine and since the assessee has already shown Gross Profit on sales he has reduced the Gross Profit from the estimated 12.5% and brought to tax the purchases after excluding the Gross Profit shown by the assessee.

5. The Ld.CIT(A) upheld the action of the Assessing Officer in treating the purchases as non-genuine as there is no movement of goods and it was admitted by Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain that they are providing only accommodation entries and there was no real transaction. The Ld.CIT(A) also accepted the action of the Assessing Officer in disallowing certain percentage of impugned purchases, in view of the decision of the Hon'ble Gujarat High Court in the case of CIT v. Bholanath Polyfab Pvt. Ltd. [355

ITR 290] and CIT v. Simit P. Seth [356 ITR 451] and accordingly he estimated the profit element in the purchases at 4% for the Assessment Year 2007-08 and 3% for the Assessment Years 2008-09, 2010-11, 2011-12 and 2013-14.

6. Before us the Learned Counsel for the assessee submits that assessee is into 100% export of diamonds and the addition was made only based on the admission of Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain in the course of search and seizure proceedings and since all its sales are exports against "H" Form and since the parties have confirmed that the transaction have entered into by the assessee are genuine the purchases cannot be treated as non-genuine, especially since sales are not disputed and they have accepted.

7. Ld.DR vehemently supported the orders of the Assessing Officer. Ld.DR further submits that as per the CBDT instructions profit margin for the diamond trade is 6% and therefore at least 6% is to be estimated as the profit element from these purchases following the CBDT Instructions.

8. We have heard the rival submissions, perused the orders of the authorities below. In this case the assessments were reopened based on

the information from the DGIT(Investigations), Mumbai that assessee is a beneficiary from the entities operated by Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain wherein the search took place and it was found that Shri Rajendra Jain, Shri Surendra Jain, Shri Bhanwarlal Jain and Shri Dharmichand Jain were providing only accommodation entries and there were no actual sale transactions and the assessee could not prove the movement of goods from the suppliers to the assessee. In the absence of delivery challans, proper stock records and based on the depositions of the suppliers that they have provided only accommodation bills, the Assessing Officer has rightly concluded that the assessee has obtained only bogus bills and assessee might have purchased goods in gray market. The Assessing Officer estimated the Gross Profit Margin on such purchases at 12.5% by reducing Gross Profit rate already shown by the assessee for the Assessment Years 2008-09, 2010-11, 2011-12 and 2013-14 and for the Assessment Year 2007-08 the entire purchases were treated as non-genuine. The Ld.CIT(A) taking note of the submissions of the assessee as well as the averments of the Assessing Officer, the CBDT Instructions and various case laws estimated the profit element from these purchases at 4% for the Assessment Year 2007-08 and 3% for the

Assessment Years 2008-09, 2010-11, 2011-12 and 2013-14. The

Ld.CIT(A) for the Assessment Year 2007-08 observed as under: -

*“5.2 I have carefully considered the facts of the case and submissions of the Id.AR. I have also gone through the decisions relied on by the Ld.AR. As seen from the facts of the case the AO has reopened the assessment based on the information received from the DIT(Inv.), Mumbai on the basis of search and seizure action conducted by the investigation wing during the course of which Rajendra Jain have given categorical statements clearly stating the modus operandi followed by them in providing the accommodation bills. They have also admitted unequivocally before the investigation wing that they were not involved in any real trading of diamonds except giving bogus bills to those who need them for certain commission. Having observed that those parties in question are non-existent sellers and they have not made any sales except the bogus invoices issued in their name, the AO has brought to-lax the entire bogus purchases standing in the names of the so-called sellers u/s 69C of the Act as the explanation given by the appellant was not satisfactory. The argument of the appellant was that unless the AO proves positively that the material was not delivered to the assessee and the payment made through the Bank channels have been bogus or the amounts paid in the names of the suppliers have come back to the purchaser-assessee, the AO cannot make any addition u/s.69C. Further, as the AO has not doubted the sales disclosed by the appellant he has to allow the purchases since there cannot be any sales without the purchase of the material. The only possibility is that the appellant might have inflated its purchases by incorporating the invoices in the names of the bogus suppliers. The presumption is that the material might have been purchased from grey market at a lower rate and made good the entries with bogus bills to reduce the profits. Under similar circumstances the Hon’ble High Court of Gujrat in the case of Simit P Seth, 2013 (356 ITR 451) had an occasion to deliver its judgment by confirming the decision of the ITAT which has estimated the disallowance at 12.5% of the*

*disputed bogus purchases to meet the ends of justice. The head-note of the decision is reproduced as under-*

*"Section 145 of the Income-tax Act, 1961 - Method of accounting - Estimation of Profits [Bogus purchases] - Assessment year 2006-07 - Assessee was engaged in business of trading in steel on wholesale basis - Assessing Officer having found that some of alleged suppliers of steel to assessee had not supplied steel to assessee but had only provided sale bills, held that purchases made from said parties were bogus - He, accordingly, added entire amount of purchases to gross profit of assessee - Commissioner (Appeals) having found that assessee had indeed made purchases, though not from named parties but other parties from grey market, sustained addition to extent of 30 per cent of purchase cost as probable profit of assessee - Tribunal however, sustained addition to extent of 12.5 per cent - Whether since purchases were not bogus but were made from parties other than those mentioned in books of account, only profit element embedded in such purchases could be added to assessee's income - Held, yes - Whether hence, order of Tribunal needed no interference - Held, yes [Paras 6, 7 & 9] [In favour of assessee]". (emphasis supplied).*

*5.2.1. With regard to the information received from DIT(Inv.), Mumbai the summary of the communication was already passed on to the appellant while communicating reasons for reopening and subsequent periods during assessment proceedings. Even though Rajendra Jain group has not mentioned the name of the appellant in their statements, they have given the names of the concerns in whose names the invoices were given to the appellant and those bogus names are indeed appearing in the books of the appellant. Therefore, the link is established. Even though the AG could not prove substantively that the amounts given to the sellers in cheque form have come back to the appellant, the activities of*

accommodation entries in the trading community is not unheard of. Further, the disturbing facts revealed by Rajendra Jain group itself during the course of search and seizure proceedings conducted by the investigation wing of the income tax department giving detailed modus operandi and confessions, cannot be lost sight of. The subsequent retraction is of no relevance as the threat, duress and coercion under which the statements were alleged to have been recorded was not established by them. Even though there are catena of cases relied on by the appellant, including some of them delivered by the jurisdictional ITAT, which have decided the issue in favour of the assessee, they are not uniform in all the cases as they were decided as per the facts and circumstances of that particular case before them. I am of the opinion that the theory laid down by the Hon'ble Gujrat High Court in the case of Simit P Seth (supra.) should be applied in the instant case. The decision rendered by Gujarat High Court in the above case is on the basis of VAT benefit the appellant might have saved by taking accommodation entries. However, in the diamond trade the benefit of VAT saving is not that high. In the case of diamond business, the VAT charges are only 1% and the customs duty on import is about 2%. Keeping in view the above tax rates the intention of the assessee to save from the transaction should be viewed only to the extent of saving from the above taxes by indulging in unethical practice of taking accommodation entries. It is also pertinent to mention here the relevance of the Board's Instruction No-2/2008 dated February 22, 2008 wherein it has laid down a guideline in the form of benign assessment procedure for assessee's engaged in diamond manufacturing and/or trading, wherein it has stated that: -

A.....

B. If an assessee has shown a sum equal to or higher than 6% of its total turnover from such business as his income under the head profits and gains of business or profession for a particular assessment year, the assessing officer shall except he's the trading results.

C.....

*5.2.2 Keeping in view the above instruction of the Board, on the one hand and the formula laid down in the case of Sumi Seth by Gujarat High Court and the profits disclosed in this line of business, to meet the ends of Justice, I find it reasonable if 4% of the amount of so-called bogus purchases are brought to tax. I accordingly direct the Assessing Officer to charge 4% of the bogus purchases reported over and above the income returned in place of disallowance made under section 69C of the Act. This addition is clear of the profits disclosed by the appellant during the year. In view of this the ground is partly allowed.”*

9. As could be seen from the above the Ld.CIT(A) also taken note of the CBDT Instructions which the Ld.DR relied on and estimated the profit element in the purchases at 4% and 3%. We also find that more or less similar issue came up before the Coordinate Bench in the case of M/s. Amy Diam Vega Jewellery P. Ltd. v. DCIT in ITA.No. 5799 to 5801/Mum/2016 and the Coordinate Bench by order dated 28.09.2017 held as under: -

*“9. We have heard the rival submissions, perused the orders of the authorities below. In this case the assessments were reopened based on the information from the DGIT(Investigations), Mumbai that assessee is a beneficiary from the entities operated by Shri Bhanwarlal Jain/Shri Praveen Kumar Jain wherein the search took place and it was found that Shri Bhanwarlal Jain/Shri Praveen Kumar Jain were providing only accommodation entries and there were no actual sale transactions and the assessee could not prove the movement of goods from the suppliers to the assessee. In the absence of delivery challans, proper stock records and based on the depositions of the suppliers that they have provided only accommodation bills, the Assessing Officer has rightly concluded*

*that the assessee has obtained only bogus bills and assessee might have purchased goods in gray market. The Assessing Officer estimated the Gross Profit Margin on such purchases at 8% which the Ld.CIT(A) reduced to 4% taking note of the report of the Task Group for Diamond Sector submitted to the Department of Commerce observing as under: -*

*“4.2. The A.O called upon the appellant to establish the genuineness of the purchases. The AO noted that the concerns from whom purchases were shown did not have documents to prove the delivery of goods of the appellant. The concerns from whom purchases were claimed to be made were operating from premises which were in the name of Bhanwarlal Jain & Family. The suppliers/ bogus parties could not be produced before the A.O for examination. The A.O therefore concluded that the appellant had merely received bills but not the material/goods from these parties. Though the appellant had shown corresponding sales against the purchases claimed, purchases were most likely made from grey market. Without bill and to adjust these transactions, bogus bills were obtained from Bhanwarlal Jain Group. The A.O concluded that the diamonds purchased from the grey market are cheaper than the diamonds sourced from genuine dealers. Subsequently there is an element of discount in the case of cash purchased in the grey market. The A.O. therefore computed the additional G.P earned by the appellant has 8% of the purchase cost. Accordingly, disallowance/ addition of ₹.63,90,742/- was made to the returned income*

*4.3. In the appellate proceedings the Ld.AR submitted that the appellant was engaged in the business of trading in polished diamonds and manufacturing of jewellery. The appellant had requested the A.O. to furnish the copies of documents relied upon by him for treating the purchases as bogus and to also allow cross examination of the alleged parties. Neither of the request were granted by the A.O. The appellant had*

*furnished detailed chart showing name of parties, date of purchase, quantity in carats, amount in rupees and details of exports made against each purchases. Stock book reflecting the purchases were also produced. Ledger accounts in respect of the purchases and copy of invoices for the purchase and corresponding sales were also furnished. It was contended that the initial burden on the appellant to prove the genuineness of the purchases was fulfilled. The A.O has not conducted any enquiry as regards the alleged bogus transactions of the appellant. No defects have been found in the books. The copies of the material based on which the A.O. concluded that the purchases are not genuine was not provided to the appellant. Once the sales (primarily exports) are not doubted, no addition can be made by doubting the purchases. As regards the absence of delivery challan, it was submitted that the A.O completely ignored confirmation on the purchase bills by the appellant by signing on the face of the bill as is the practice in diamond trade. The allegation that the purchase is from grey market is based on presumptions and surmises. It was also contended that the estimation of gross profits @8% was quite high Reference was made to its own transfer pricing study report and the report of task group submitted in February 2013 presented to the Commerce and Industry Ministry. It was also submitted that all the impugned purchases are exported. Polished diamonds are purchased locally and exported. Further, that where H form is submitted, there is no levy of VAT and in the cases where VAT is levied, the same is refunded subsequently after export of diamonds. The appellant relied on the decision of the Hon'ble ITAT in the case of Say India Jewellers in ITA No.6735/Mum/2010 stating that no addition should be made.*

*4.4. I have considered the submissions of the appellant carefully. In the face of categorical denial by the alleged suppliers of diamonds of any real*

*supply of goods, and the appellant's inability to establish the facts to be otherwise, the disallowance of purchases is clearly in order. The action of the assessing officer of disallowing a percentage of impugned purchases is in line with the view expressed in the decisions such as in the case of CIT vs. Bholanath PolyFab Pvt. Ltd. (2013) 355 ITR 290 and thereafter in the case of CIT vs. Simit P. Sheth (2013) 219 Taxman 85 (Gu].*

*4.5. It is noted that there is nothing distinguishable to identify the sales as corresponding to the purchases. However, the submission that the margin on trading in polished diamonds is low is supported by the report of the Task Group for Diamond Sector submitted to Department of Commerce in which it was reported that net profit in diamond manufacturing is in the range of 1.5 to 4.5% and in trading in the range of 1 to 3%. The appellants business is of trading in polished diamonds in respect of the impugned purchases. Thus, a margin of 4% is considered to be appropriate.*

*10. On a careful consideration of the totality of facts and circumstances and the findings of the Ld.CIT(A), we do not see any valid reason to interfere with the findings and the decision arrived at by the Ld.CIT(A) in estimating the Gross Profit at 4% of the bogus purchases as against 8% estimated by the Assessing Officer. Thus, we uphold the order of the Ld.CIT(A) for all these Assessment Years i.e. 2010-11, 2011-12 and 2012-13.”*

10. As could be seen from the above that the Coordinate Bench while sustaining the order of the Ld.CIT(A) also considered the report of Task Group for Diamond Sector submitted to Department of Commerce, wherein it was submitted that net profit in diamond manufacturing is in the range of 1.5% to 4.5% and in trading it is in the range of 1% to 3%. The

assessee before us submitted that he is into 100% exports of trading of cut and polish diamonds. The Task Group for Diamond Sector submitted to Department of Commerce also suggests that the profit margin in trading of goods is in the range of 1% to 3%. In the circumstance we direct the Assessing Officer to estimate the profit element from the purchases treated as non-genuine at the rate of 2% uniformly for all the Assessment Years 2007-08, 2008-09, 2010-11, 2011-12 and 2013-14. The grounds raised by the Revenue for the Assessment Years 2007-08, 2008-09 and 2011-12 and the grounds raised by the assessee for the Assessment Years 2008-09, 2010-11, 2011-12 and 2013-14 on this issue are dismissed and ground raised by the assessee on this issue for the Assessment Year 2007-08 is partly allowed.

11. The only issue for adjudication left in the appeals of the assessee for the Assessment Years 2008-09 and 2013-14 is with regard to the disallowance made u/s. section 14A r.w. Rule 8D.

12. The only submission made before us by the Learned Counsel for the assessee that the disallowance u/s. 14A r.w. Rule 8D should not be more than the dividend earned by the assessee. He submits that during the Assessment Years 2008-09 and 2013-14 assessee has earned

dividend income of ₹.38,380/- and 11,180/- therefore the disallowance may be restricted to the dividend income earned.

13. The Ld. DR strongly placed reliance on the orders of the lower authorities.

14. We have heard the rival submissions, perused the orders of the authorities below. A similar issue was came up before the Hon'ble Punjab and Haryana High Court in the case of Principal Commissioner of Income Tax I Vs. M/s Empire Package Pvt. Ltd in 415 of 2015 dated 12.01.2016 and the Hon'ble High Court dismissed the appeal of the Revenue holding that there is no substantial question of law arise in the appeal on the following question raised by the Revenue: -

*"Whether in the facts and circumstances of the case, the Hon'ble ITAT is justified in law to hold that the disallowance made under section 14A read with Rule 8D cannot exceed the exempt income, in the absence of any such restriction being there in the relevant section or rule?"*

15. The Hon'ble High Court affirmed the order of the ITAT in holding that the disallowance u/s. 14A r.w. Rule 8D as worked out be the Assessing Officer is not in accordance with law for the reason that Assessing Officer has disallowed entire tax exempt income and this is not permissible in view of the judgment Hon'ble Delhi High Court.

16. The Hon'ble Delhi High Court in the case of Joint Investment Private Limited in ITA.No. 117/15 dated 25.02.2015 held that by no stretch of imagination can section 14A or Rule 8D be interpreted so as to mean that entire tax exempt income is to be disallowed.

17. Further, we find that considering the above two decisions the Coordinate Bench in the case of Sanghavi Exports International P. Ltd v. ACIT in ITA.No.3405/Mum/2015 dated 10.07.2017 held that disallowance should not be more than the dividend income by observing as under: -

*4. We have perused the Assessment Order and find that the assessee earned exempt income of Rs. 1,70,000/- only during this Assessment Year and the Assessing Officer by invoking the provision of Section 14A made disallowance at Rs.54,66,813/-. The Hon'ble Delhi High Court in the case of Joint Investment Private Limited in ITA.No. 117/15 dated 25.02.2015 held that by no stretch of imagination can section 14A or Rule 8D be interpreted so as to mean that entire tax exempt income is to be disallowed. Similarly, Punjab and Haryana High court in the case of PCIT v. Empire Package Private Limited in ITA.No. 415/2015 held that disallowance should not exceed exempt income. In the case on hand since the assessee received dividend income of Rs.1,70,000/- as recorded in the Assessment Order the disallowance should not be more than Rs.1,70,000/-. Thus we direct the Assessing Officer to restrict the disallowance to the extent of dividend income i.e. Rs.1,70,000/- and delete the balance amount and compute the incomes accordingly."*

18. Thus, respectively following the said decisions, we direct the Assessing Officer to restrict the disallowance u/s. 14A r.w. Rule 8D to the extent of dividend income of ₹.38,380/- and ₹.11,180/- received for the

Assessment Year 2008-09 and 2013-14 respectively and compute the income accordingly.

19. In the result, appeal of the assessee for the Assessment Year 2007-08, 2008-09 and 2013-14 are partly allowed and appeals for the Assessment Years 2010-11 and 2011-12 are dismissed and Revenue appeals for the Assessment Years 2007-08, 2008-09 and 2011-12 are dismissed.

Order pronounced in the open court on the 30<sup>th</sup> October, 2017.

Sd/-  
**(RAJESH KUMAR)**  
**ACCOUNTANT MEMBER**

Mumbai / Dated 30/10/2017  
VSSGB, SPS

Sd/-  
**(C.N. PRASAD)**  
**JUDICIAL MEMBER**

**Copy of the Order forwarded to:**

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

//True Copy//

BY ORDER,

(Asstt. Registrar)  
**ITAT, Mum**