

आयकर अपीलीय अधिकरण , ' ए ' न्यायपीठ,चेन्नई

**IN THE INCOME TAX APPELLATE TRIBUNAL
"A" BENCH, CHENNAI**

श्री एन. आर. एस .गणेशन, न्यायिक सदस्य एवं श्री एस जयरामन, लेखा सदस्यके समक्ष

**BEFORE SHRI N.R.S. GANESAN, JUDICIAL MEMBER AND
SHRI S. JAYARAMAN, ACCOUNTANT MEMBER**

आयकरअपीलसं/.I.T.A. No. 981/Chny/2018

निर्धारणवर्ष/Assessment Year : 2014-15

TVS Capital Funds Private Limited,
"Jayalakshmi Estate",
29, (Old No. 8), Haddows Road,
Chennai – 600 006.

Assistant Commissioner of Income
Tax,
Corporate Circle 3(1),
Chennai – 600 034.

[PAN: AAAC 1154H]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

Assessee by
Revenue by

: Shri Vikram Vijayaraghavan, Advocate
: Shri AR V Sreenivasan, JCIT

सुनवाईकीतारीख/Date of Hearing

: 20.08.2018

घोषणाकीतारीख/Date of Pronouncement

: 21.08.2018

आदेश/ ORDER

PER S. JAYARAMAN, ACCOUNTANT MEMBER:

The assessee filed this appeal against the order of the Commissioner of Income Tax (Appeals)-11, Chennai in ITA No. 254/CIT(A)-11/2016-17 dated 06.12.2017 for assessment year 2014-15

2. M/s. TVS Capital Funds Pvt. Ltd., the assessee, is an investment company and also provides management consultancy services to the group companies. While making the assessment for assessment year 2014-15, the AO found that the assessee investment portfolio as on 31.03.2013 stood at Rs. 33,87,00,000/- and the assessee has earned dividend of Rs. 3,10,000/-. Invoking section 14A r.w.r. 8D, he made disallowance of Rs. 22,37,837/- Aggrieved, the assessee filed appeal before the Ld. CIT(A). The Ld. CIT(A) following the ITAT decision in the assessee's own case, held that the investment made in the subsidiary companies are strategic investments and hence notice to be excluded from the disallowance u/s. 14A, so he directed the AO to re-compute the disallowance of expenses u/s. 14A r.w.r. 8D by excluding the investments made in the subsidiary companies and restrict the disallowance to that extent. Aggrieved, the assessee filed this appeal.

3. The Ld. AR submitted that the assessee earned dividend of Rs. 3,10,000/- only during the year. The assessee itself has worked out the disallowance at Rs. 8,21,338/-, however, the Assessing Officer worked out the disallowance at Rs. 30,59,175/- and after deducting the admitted disallowance of Rs. 8,21,338/-, disallowed Rs. 22,37,837/-. The Ld. AR pleaded that the ratio of the Delhi High Court decision in the case of Joint Investment Pvt. Ltd., vs CIT, reported in 372 ITR 694 (Delhi), may be applied. The Ld. DR supported the orders of the lower authorities.

4. We heard the rival submissions. Following the ratio of the Delhi High Court, supra, we direct that the disallowance be restricted to the amount originally disallowed by the assessee itself. Thus, the assessee's appeal is partly allowed.

5. In the result, the assessee's appeal is partly allowed.

Order pronounced on Tuesday, the 21st day of August, 2018 at Chennai.

Sd/-

(एन.आर.एस .गणेशन)

(N.R.S. GANESAN)

न्यायिकसदस्य/Judicial Member

Sd/-

(एसजयरामन)

(S. JAYARAMAN)

लेखासदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated: 21st August , 2018

JPV

आदेशकीप्रतिलिपिअग्रेषित/Copy to:

1. अपीलार्थी/Appellant 2. प्रत्यर्थी/Respondent

4. आयकरआयुक्त/CIT 5. विभागीयप्रतिनिधि/DR

3. आयकरआयुक्त) अपील(/CIT(A)

6. गार्डफाईल/GF