

IN THE INCOME TAX APPELLATE TRIBUNAL
"H" Bench, Mumbai
Before S/Shri B.R.Baskaran (AM) & Amarjit Singh (JM)
I.T.A. No. 1542/Mum/2017 (Assessment Year 2012-13)

ACIT 5(2)(1) Room No. 571 5 th Floor Aayakar Bhavan M.K. Road Mumbai-400 020.	Vs.	M/s. K.C. Maritime (India) Limited 105, Atlanta, 10 th Floor Nariman Point Mumbai-400021. PAN : AAACC4862F
(Appellant)		(Respondent)

Assessee by	Shri Niraj Sheth & Shri Amit Kirve
Department by	Shri Manoj Kumar Singh
Date of Hearing	29.10.2018
Date of Pronouncement	29.10.2018

ORDER

Per B.R. Baskaran (AM) :-

The appeal filed by the Revenue is directed against the order dated 15.11.2016 passed by the learned CIT(A)-10, Mumbai and it relates to A.Y. 2012-13. The Revenue is aggrieved by the decision rendered by the learned CIT(A) in deleting the disallowance made by the Assessing Officer on account of following :-

- (a) Addition u/s. 14A of the Act – ₹ 7,70,339/-
- (b) Exchange rate difference – ₹ 2,00,02,218/-
- (c) Penalty – ₹ 4,75,050/-

2. We have heard the parties and perused the record. The assessee is engaged in the business of operation of ships. The assessee offered its income under Tonnage Tax Scheme under Chapter XII-G of the Act. The Assessing Officer however made disallowance stated above to the total income returned by the assessee.

3. Aggrieved, the assessee has filed the appeal before the learned CIT(A) and contended that no addition and disallowance could be made to the total income offered by the assessee under Tonnage Tax Scheme. In that regard, the assessee placed reliance on the decision rendered by the Coordinate Bench of the ITAT in the case of Shipping Corporation of India (2011) 10 taxmann.com 141 and Varun Shipping Company Ltd. (2012) 134 ITD 339. The learned CIT(A) was convinced with the claim of the assessee and held that the Assessing Officer could not have disallowed any other expenditure debited to the profit and loss account, as the assessee has offered income under Tonnage Tax Scheme. Aggrieved, the Revenue has filed this appeal before us.

4. At the time of hearing, learned AR placed reliance on the order passed by the Tribunal in the case of Varun Shipping Company Ltd. (supra) and also decision rendered by Chennai Bench of the Tribunal in the case of Four M Maritime (P) Ltd. (2015) 152 ITD 557. In all these cases, it has been held that no separate disallowance could be made when income is computed under Tonnage Tax Scheme. In the case of Four M. Maritime (P) Ltd. (supra), it was further held that disallowance u/s. 14A of the Act also could not be made in such a situation. Since the learned CIT(A) has followed the decision rendered by the Coordinate Benches in giving relief to the assessee, we do not find any infirmity in the order passed by the learned CIT(A).

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

Order has been pronounced in the Court on 29.10.2018.

SD/-
(AMARJIT SINGH)
JUDICIAL MEMBER

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

Mumbai; Dated : 29/10/2018

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//

BY ORDER,

(Senior Private Secretary)
ITAT, Mumbai

PS