

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, "बी", चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
DIVISION BENCH, 'B', CHANDIGARH

श्री संजय गर्ग, न्यायिक सदस्य एवं श्रीमती अन्नपूर्णा गुप्ता, लेखा सदस्य
BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER AND
Ms. ANNAPURNA GUPTA, ACCOUNTANT MEMBER

आयकर अपील सं./ ITA No. 775/CHD/2018

निर्धारण वर्ष / Assessment Year : 2014-15

Swaraj Engines Limited, Plot No.2, Industrial Focal, Phase IX, S.A.S. Nagar, 160062	Vs. बनाम	The DCIT, Circle 6(1), Mohali
स्थायी लेखा सं./PAN NO: AACCS2990N		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारिती की ओर से/Assessee by : Sh. A.K. Jindal, CA

राजस्व की ओर से/ Revenue by : Sh. Manjit Singh, Sr.DR

सुनवाई की तारीख/Date of Hearing : 21.11.2018

उदघोषणा की तारीख/Date of Pronouncement : 21.11.2018

आदेश/Order

Per Sanjay Garg, Judicial Member:

The present appeal has been preferred by the assessee against the order dated 20.3.2018 of the Commissioner of Income Tax (Appeals)-2, Chandigarh [hereinafter referred to as CIT(A)].

2. At the outset, Ld. Counsel for the assessee has submitted that the only issue raised / pressed upon in this appeal is regarding disallowance u/s 14A of the Income-tax Act, 1961 (in short 'the Act'). He has further submitted that the lower authorities have made / confirmed the disallowance u/s 14A of the Act in respect of the disallowance out of the interest expenditure as well as on account of administrative expenses.

3. So far as the issue relating to disallowance out of interest expenditure is concerned, the Ld. Counsel for the assessee has submitted that the assessee during the year has not raised any secured or unsecured loans and no interest expenditure has been incurred by the assessee on any loan. The only interest paid by the assessee was in respect of delay on payment of excise duty and service tax. The Ld. DR also could not contradict this factual aspect pleaded by the assessee. Since the assessee did not borrow any interest bearing funds during the year, hence, there is no question of disallowance of expenditure out of the interest expenditure. In view of this, so far as the disallowance u/s 14A of the Act in respect of interest expenditure is concerned, we do not find any justification on the part of the lower authorities in making / confirming the same. Moreover, the Ld. Counsel for the assessee has also relied upon the decision of this Tribunal in the own case of the assessee in relation to the earlier assessment years 2012-13 and 2013-14, wherein, identical issue has been raised in **ITA Nos.1258 & 1259/Chd./2016** and the Tribunal vide order dated 1.6.2017, on identical facts has decided the same in favour of the assessee.

4. So far as the issue relating to the disallowance on account of administrative expenses is concerned, though the Assessing officer has made the disallowance by applying the provisions of Rule 8D(2)(iii) of the Income Tax Rules, however, the assessee, before the Assessing officer, had demonstrated the working of the administrative expenses. Identical issue came into consideration before the Tribunal in the earlier assessment years in ITA Nos. 1258 & 1259/Chd/2016 vide order dated 1.6.2017,

wherein, the assessee had made identical pleadings claiming that he had already disallowed salary of one employee, 10% salary of his supervisors (Company Secretary) and further 46.30% of the total administrative expenditure. The Tribunal taking into consideration the working of the suo moto disallowance of administrative expenditure, held that there was no justification of further enhancement of the administrative expenses, therefore, the impugned addition made by the lower authorities were deleted.

5. Since there are no distinguishing facts in the year under consideration, hence, following the decision of the Tribunal in the earlier years in the own case of the assessee, the disallowance on account of administrative expenditure is also ordered to be deleted.

6. In the result, the impugned additions made by the lower authorities u/s 14A of the Act are ordered to be deleted.

Order pronounced in the Open Court on 21.11.2018

Sd/-
(अन्नपूर्णा गुप्ता / ANNAPURNA GUPTA)
लेखा सदस्य/ Accountant Member

Sd/-
(संजय गर्ग / SANJAY GARG)
न्यायिक सदस्य/ Judicial Member

Dated : 21.11 . 2018

“आर.के.”

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,

सहायक पंजीकार/ Assistant Registrar

