

**In the Income-Tax Appellate Tribunal,  
Delhi Bench 'F', New Delhi**

**Before : Shri H.S. Sidhu, Judicial Member And  
Shri B.R.R. Kumar, Accountant Member**

**ITA No. 5430/Del/2016  
Assessment Year : 2013-14**

Planetcast Media Services Ltd., (Formerly known as Essel Shyam Communication Ltd.), 1121, Hemkunt Chambers, 11 <sup>th</sup> Floor, 89, Nehru Place, New Delhi. PAN- AAACF2299Q. <b>(Appellant)</b>	<b>vs.</b>	ACIT Central Circle -26 New Delhi.  <b>(Respondent)</b>
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<b>Appellant by</b>	Sh. Ved Jain, Advocate
<b>Respondent by</b>	Sh. Surender Pal, Sr. DR

<b>Date of Hearing</b>	04.06.2019
<b>Date of Pronouncement</b>	04 .06.2019

**ORDER**

**Per B.R.R. Kumar, A.M.:**

The brief facts of the case are that the assessee is engaged in the business of providing satellite based telecommunication solutions like VSAT services and broadband services. During the year, the assessee has earned exempt income of Rs.24,66,531/- from the investment in IRFC bonds of Rs.3,04,51,000/-. The total investment as per the balance sheet as on 31.03.2013 were to the tune of Rs.13,89,94,676/-.

2. The issue to be adjudicated is, whether entire investments or only the exempt income yielding investments are to be considered while disallowing the expenditure u/s. 14A read with Rule 8D(2)(iii)?.

3. Section 14A of the Act provides - for the purposes of computing the total income under this Chapter, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under the Act. Hence, what section 14A provides is that if there is any income which does not form part of the total income under the Act, the expenditure which is incurred for earning such income is not an allowable deduction. The corollary of this analysis is that, when certain investments do not yield dividend or exempt income, no expenditure can be disallowed. Reliance is placed in this regard on the judgment of Hon'ble Delhi High Court in the case of Interglobe Enterprises Ltd., ITA No. 456/2016 dated 19.08.2016, wherein it is held that only the investments expressly spelt out in Rule 8D(iii) which is to be reckoned for the purpose of calculation of average of half percent. Similar view has been taken by Delhi Tribunal in the case of Vireet Investment P. Ltd., ITA No. 502/Del/2012 and also in the case of M/s. Apollo Finance Ltd., ITA No. 339/Del/2015 dated 31.01.2018. Hence, we hold that only the investments which yielded the exempt income are to be

considered while determining the disallowance u/r. 8D(2)(iii). The matter is referred back to the file of the Assessing Officer for the limited purpose of computation of disallowance taking into consideration the principles laid down above.

3. As a result, the appeal is treated as allowed.

Order pronounced in the open court on 04/06/2019.

Sd/-

**(H.S. Sidhu)**  
**Judicial member**

Sd/-

**(B.R.R. Kumar)**  
**Accountant Member**

Dated: 04 June, 2019

*\*aks\**

*Copy of order forwarded to:*

(1) <i>The appellant</i>	(2) <i>The respondent</i>
(3) <i>Commissioner</i>	(4) <i>CIT(A)</i>
(5) <i>Departmental Representative</i>	(6) <i>Guard File</i>

*By order*

*Assistant Registrar*  
*Income Tax Appellate Tribunal*  
*Delhi Benches, New Delhi*