

आयकर अपीलीय अधिकरण, "सी" न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'C' BENCH, CHENNAI
श्री धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य एवं श्री एस जयरामन, लेखा सदस्य के समक्ष
Before Shri Duvvuru RL Reddy, Judicial Member &
Shri S. Jayaraman, Accountant Member

आयकर अपील सं./I.T.A.No.638/Chny/2019
निर्धारण वर्ष/**Assessment Year:2011-12**

The Income Tax Officer,
Corporate Ward 6(3),
Aayakar Bhavan, New Block,
7th Floor, 121, M. G. Road,
Chennai 600 034.

M/s. Sical Iron Ore Terminals Ltd.,
Vs. No. 73, South India House,
Armenian Street,
Chennai 600 001.

[PAN:AAKCS5773M]

(अपीलार्थी /Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri R. Clement Ramesh Kumar, Addl. CIT
प्रत्यर्थी की ओर से/Respondent by : Shri R. Vijayaraghavan, Advocate
सुनवाई की तारीख/ Date of hearing : 04.07.2019
घोषणा की तारीख /Date of Pronouncement : 19.07.2019

आदेश /O R D E R

PER DUVVURU RL REDDY, JUDICIAL MEMBER:

This appeal filed by the Revenue is directed against the order of the Id. Commissioner of Income Tax (Appeals) 16, Chennai dated 28.12.2018 relevant to the assessment year 2011-12. The Revenue has challenged the order of the Id. CIT(A) in restricting the disallowance under section 14A of the Act r.w. Rule 8D to the extent of exempt income earned by the assessee.

2. Brief facts of the case are that the assessee filed return of income for the assessment year 2011-12 on 08.09.2011 and revised return on 05.11.2011 and 28.08.2012 admitting a loss of ₹.3,09,25,602/-. The Assessing Officer completed scrutiny assessment under section 143(3) r.w.s. 147 of the Act determining the assessed total income at ₹. Nil after making disallowance of ₹.2,42,88,095/- under section 14A of the Act. On appeal, after considering the submissions of the assessee and facts of the case, the Id. CIT(A) directed the Assessing Officer to restrict the disallowance under section 14A of the Act to the extent the assessee earned the exempt income.

3. Aggrieved, the Revenue is in appeal before the Tribunal. It was the submission of the Id. DR that the provision of section 14A of the Act does not permit any restriction and therefore, pleaded for reversing the order passed by the Id. CIT(A). On the other hand, the Id. Counsel for the assessee strongly supported the order passed by the Id. CIT(A) besides, placing reliance on the decision in the case of Joint Investments Pvt. Ltd. v. CIT 372 ITR 694 (Delhi).

4. We have heard both the parties, peruse the materials available on record and gone through the orders of authorities below. In this case, the assessee has admitted dividend income of ₹.93,46,582/-, whereas, the Assessing Officer made disallowance of ₹.2,42,88,095/- under section 14A

r.w. Rule 8D. By considering various decisions, the Id. CIT(A) directed the Assessing Officer to restrict the disallowance under section 14A of the Act to the extent of exempted income earned by the assessee. We have also perused the case law placed on record in the case of Joint Investments Pvt. Ltd. v. CIT (supra), wherein, the Hon'ble Delhi High Court has also held that the disallowance under section 14A r.w. Rule 8D should be restricted to the extent of exempt income earned. In view of the above, we find no reason to interfere with the order passed by the Id. CIT(A). Accordingly, the ground raised by the Revenue stands dismissed.

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

Order pronounced on the 19th July, 2019 at Chennai.

Sd/-
(S. JAYARAMAN)
ACCOUNTANT MEMBER

Sd/-
(DUVVURU RL REDDY)
JUDICIAL MEMBER

Chennai, Dated, the 19.07.2019

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to: 1. अपीलार्थी/Appellant, 2. प्रत्यर्थी/Respondent, 3. आयकर आयुक्त (अपील)/CIT(A), 4. आयकर आयुक्त/CIT, 5. विभागीय प्रतिनिधि/DR & 6. गार्ड फाईल/GF.