

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH : A : NEW DELHI
BEFORE MS SUSHMA CHOWLA, JUDICIAL MEMBER
AND
SHRI R.K. PANDA, ACCOUNTANT MEMBER

ITA No.5678/Del/2017
Assessment Year: 2014-15

ACIT,
Circle-2(2),
New Delhi.

Vs. Anant Raj Ltd.,
E-2, ARA Centre,
Jhandewalan Extn.,
New Delhi.
PAN: AABCA3972B

Assessee by : Ms Sweeti Khotari, Advocate
Deptt. By : Sanjog Kapoor, Sr. DR

(Appellants)

(Respondents)

Date of Hearing : 28.11.2019
Date of Pronouncement : 31.12.2019

ORDER

PER R.K. PANDA, AM:

This appeal filed by the Revenue is directed against the order dated 5th June, 2017 of the CIT(A)-1, New Delhi, relating to assessment year 2014-15.

2. The grounds raised by the Revenue are as under:-

ø1. The Id.CIT(A) has erred in law and on facts in restricting the addition to Rs.5512/- as against Rs.1,79,74,266/- made by the AO on account of disallowance u/s 14A r.w.r. 8D of Income Tax Rules.

2. The appellant craves leave for reserving the right to amend, modify, alter, add or forego any ground (s) of appeal at any time before or during the hearing of this appeal.ö

3. The facts of the case are that the Assessing Officer made disallowance of Rs.1,79,74,266/- by invoking the provisions of section 14A of the IT Act r.w. Rule 8D of the IT Rules, 1962. In appeal, the Id.CIT(A) held that the assessee has received dividend income of Rs.6,48,431/- from the investment of Rs.11,02,496/-. He, therefore, held that 0.5% of the above investment which comes to Rs.5,512/- to be treated as expenses incurred for earning exempt income. He accordingly restricted the disallowance to Rs.5,512/- as against Rs.1,79,74,266/- made by the Assessing Officer.

4. Aggrieved with such order of the CIT(A), the Revenue is in appeal before the Tribunal.

5. After hearing both the sides, we do not find any infirmity in the order of the CIT(A). The Delhi Special Bench of the Tribunal in the case of *Vireet Investment Pvt. Ltd. and Anr. (2017) 165 ITD 0027 (Del) (SB)*, held that average value of investment which yielded exempt income during the year only shall be considered for the purpose of disallowance u/s 14A. Since the Id.CIT(A) has given a categorical finding that the assessee has received dividend income of Rs.6,48,431/- from the current investment of Rs.11,02,496/-, therefore, 0.5% of the above investment has to be treated as expenses incurred for earning exempt income which comes to 5,512/- and which is in accordance with the decision of the Special Bench of the Tribunal cited (supra). Accordingly, we do not find any infirmity in

the order of the CIT(A) and the same is upheld. The ground raised by the Revenue is accordingly dismissed.

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

Order pronounced in the open court on 31.12.2019.

Sd/-

(SUSHMA CHOWLA)
JUDICIAL MEMBER

Dated: 31st December, 2019

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Copy forwarded to :

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Sd/-

(R.K. PANDA)
ACCOUNTANT MEMBER

Asstt. Registrar, ITAT, New Delhi