

**IN THE INCOME TAX APPELLATE TRIBUNAL,
MUMBAI BENCH "D", MUMBAI**

**BEFORE SHRI SAKTIJIT DEY, JUDICIAL MEMBER AND SHRI RAJESH
KUMAR, ACCOUNTANT MEMBER**

**ITA No.6088/MUM/2018
Assessment Year: 2015-16**

Ramanuj Finance P. Ltd., Mumbai 203, D,B.Wing, Sumit Samarth Archade, Aarey Road, Goregaon(W), Mumbai, Pin-400104. PAN: AAACS9126L	Vs.	ACIT Cir 9(3), Mumbai
(Appellant)		(Respondent)

Present for:

Appellant by

: Shri H. S. Raheja

Respondent by

: Smt Jothilakshmi Nayak, Sr. DR

Date of Hearing : 08.01.2020

Date of Pronouncement : 29.01.2020

ORDER

Per Rajesh Kumar, Accountant Member:

The present appeal has been preferred by the assessee against the order dated 29.05.2018 of the Commissioner of Income Tax (Appeals) [hereinafter referred to as the CIT(A)] relevant to assessment year 2015-16.

2. The only issue raised by the assessee in the various grounds of appeal is against the order of Id. CIT(A) upholding the disallowance of Rs.1,70,813/- as made by the AO u/s 14A r.w. Rule 8D without

appreciating the fact that the assessee engaged in the business of trading of shares and securities.

3. The facts in brief are that the assessee has filed return of income on 30.09.2015 declaring a total income of Rs.57,53,320/-. The case of the assessee is selected for scrutiny and statutory notices were duly issued and served on the assessee during the assessment proceedings. The AO observed that the assessee has earned dividend income of Rs. 44,10,258/- and claimed the same as exempt income u/s 10(34) of the Act. AO further noted that the assessee has not made any disallowance u/s 14A of the Act for earning of exempt income. Accordingly the AO called upon the assessee to explain as to why the expenses should not be disallowed u/s 14A r.w.r 8D in relation to earning of dividend income.

4. The ld. AR submitted that assessee is engaged in the business of trading in share and securities and thus it is the business of the assessee to earn profit. The assessee had borrowed money purely for the purposes of trading in shares and unsold are held as stock-in-trade, therefore, no disallowance is required to be made. The AO rejected the contentions of the assessee and invoked the provisions of section 14A r.w.r 8D thereby working out the disallowance at Rs.1,70,813/-.

5. In the appellate proceedings, the ld. CIT(A) upheld the order of AO. The ld. CIT(A) while upholding the order of AO observed that the ambiguity in application of section 14A r.w.r 8D in the hands of investors who held shares as stock-in-trade has been set at arrest by the decision of Hon'ble Supreme Court in the case of Maxopp Investment Ltd. v. CIT reported in 402 ITR 640(SC).

6. After hearing the ld. DR and perusing the material on record, we observe that the ld. CIT(A) has dismissed the appeal of the assessee and upheld the order of AO by following the decision in CIT Vs Maxopp Investment Ltd. (supra). In our opinion, the ld. CIT(A) has correctly passed the order by following the decision of apex court and accordingly we are also inclined to uphold the same.

7. The appeal of the assessee is dismissed.

Order pronounced in the open court on 29.01.2020.

**Sd/-
(Saktijit Dey)
JUDICIAL MEMBER**

**Sd/-
(Rajesh Kumar)
ACCOUNTANT MEMBER**

Mumbai, Dated: 29.01.2020.

RS, Sr. P.S.

Copy to: The Appellant
The Respondent
The CIT, Concerned, Mumbai
The CIT (A) Concerned, Mumbai
The DR Concerned Bench

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By Order

Dy/Asstt. Registrar, ITAT, Mumbai.

		Date	Initial	
WHETHER DICTATION PAD ENCLOSED WITH THE FILE : Yes/No (as the order has been typed with the help of manuscript)				
1.	Draft dictated on			Sr.PS
2.	Draft placed before author			Sr.PS
3.	Draft proposed & placed before the second member			JM/AM
4.	Draft discussed/approved by Second Member			JM/AM
5.	Approved Draft comes to the Sr.PS/PS			Sr.PS
6.	Date of pronouncement			Sr.PS
7.	File sent to the Bench Clerk			Sr.PS
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9.	Date of dispatch of Order			