

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH : BANGALORE**

**BEFORE SHRI ARUN KUMAR GARODIA, AM
AND
SHRI PAVAN KUMAR GADALE, JM**

ITA No. 2217/Bang/2018
Assessment Year : 2015 – 16

M/s Hydroline Products Pvt. Ltd., No. 3/1, Varsova Layout, C. V. Raman Nagar, Bangalore – 560093. PAN: AAACH9129E	vs.	ACIT Circle – 3 (1) (2), Bangalore
APPELLANT		RESPONDENT
Assessee by	:	Shri A. S. Narayan Moorthy, C. A.
Revenue by	:	Shri Sunil Kumar Agarwal, Addl. CIT DR
Date of Hearing	:	02.12.2019
Date of Pronouncement	:	30.01.2020

ORDER

PER SHRI A.K. GARODIA, AM:

This appeal is filed by the assessee and it is directed against the order of CIT(A) – 3 Bengaluru dated 01.06.2018 for A. Y. 2015 – 16.

2. Although several grounds are raised by the assessee but the only effective grievance is about disallowance of Rs. 272,444/- u/s 14A of I T Act.

3. In course of hearing, it was submitted by the learned AR of the assessee that on page 3 of the paper book no. 2 is the detail of all investments including the investments on which dividend income was earned and as per the same, on investment of Rs. 101,79,087/- only in three Mutual Funds, dividend of Rs. 869,173/- was earned in the present year. He submitted that as per the order of the special bench of the tribunal rendered in the case of ACIT vs. Vireet Investment Pvt. Ltd., 165 ITD 27, only those investments should be considered for computing average value of investments which yielded exempt dividend income in the year under consideration. He submitted that therefore, 0.5% of only Rs. 101,79,087/- should be disallowed and it works out to Rs. 50,895/-

out of which, Rs. 17,383/- is already disallowed by the assessee itself. Learned DR of the revenue supported the order of CIT (A).

4. We have considered the rival submissions. We find force in the submissions of the learned AR of the assessee that disallowance u/s 14A should be made in the light of this order of the special bench of the tribunal cited by him as noted above but the facts are to be examined as to what is the amount of investments which yielded exempt dividend income in the year under consideration. Hence, we set aside the order of CIT (A) and restore this matter back to AO for fresh decision after examining the facts of the present case in the light of this order of the special bench of the tribunal rendered in the case of ACIT vs. Vireet Investment Pvt. Ltd. (Supra).

4. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open court on the date mentioned on the caption page.

Sd/-

(PAVAN KUMAR GADALE)

Judicial Member

Bangalore,

Dated, the 30th January, 2020.

/NS/

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| 1. Appellant | 4. CIT (A) |
| 2. Respondent | 5. DR, ITAT, Bangalore |
| 3. CIT | 6. Guard file |

Sd/-

(ARUN KUMAR GARODIA)

Accountant Member

By order

Assistant Registrar,
Income Tax Appellate Tribunal,
Bangalore.