

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई  
IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH : CHENNAI

श्री जॉर्ज माथन, न्यायिक सदस्य एवं  
श्री इंदूरी रामा राव, लेखा सदस्य के समक्ष

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND  
SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं./I.T.A. No.3167/CHNY/2018  
निर्धारण वर्ष /Assessment year : 2015-2016.

M/s. SVL Limited,  
Shriram House,  
1<sup>st</sup> floor, No.4, Burkit Road,  
T. Nagar,  
Chennai 600 017.

**Vs.** The Income Tax Officer,  
Corporate Ward 6(3)  
Chennai.

आयकर अपील सं./I.T.A. No.3218/CHNY/2018  
निर्धारण वर्ष /Assessment year : 2014-2015.

The Assistant Commissioner  
of Income Tax,  
Corporate Circle 6(2)  
Chennai 600 034.

**Vs.** M/s. SVL Limited,  
Shriram House,  
1<sup>st</sup> floor, No.4, Burkit Road,  
T. Nagar,  
Chennai 600 017.

**(अपीलार्थी/Appellant)**

**[PAN AAACS 7696D]  
(प्रत्यर्थी/Respondent)**

Assessee by : Shri. Gautam, Advocate  
प्रत्यर्थी की ओर से /Respondent by : Shr. Abani Kanta Nayam, CIT.

सुनवाई की तारीख/Date of Hearing : 29-01-2020  
घोषणा की तारीख /Date of Pronouncement : 30-01-2020

**आदेश / ORDER****PER INTURI RAMA RAO, ACCOUNTANT MEMBER:**

These are cross appeals filed by the assessee as well as Revenue directed against the order of the learned Commissioner of Income Tax (Appeals)-15, Chennai (hereinafter called as 'CIT(A)') dated 31.08.2018 for the assessment year 2015-2016.

2. The brief facts of the case are as under:

The appellant namely M/s. SVL Limited is a company incorporated under the provisions of the Companies Act, 1956. It is engaged in the business of investments. The return of income for the AY 2015-2016 was filed on 30.09.2015 disclosing total loss of ₹25,92,28,431/-. Against the said return of income, the assessment was completed by the Income Tax officer, Corporate Ward 6(3), Chennai (hereinafter called "AO") vide order dated 26.12.2017 passed u/s. 143(3) of the Income Tax Act, 1961 (in short 'the Act') at total income of Rs. 52,73,12,883/- after set off of brought forward loss for the assessment year 2014-2015 of ₹4,46,14,112/-. While doing so, the Assessing Officer made disallowance of ₹83,11,02,781/- invoking the provisions of Section 14A r.w.r 8D of the Income Tax Rules, 1962 (in short "the Rules") rejecting the contention of the assessee

company that expenditure of ₹6,53,985/- alone was incurred to earn exempt income. The Assessing Officer recorded satisfaction extracted at para 3.3 as to why the contention of the assessee company that only expenditure of ₹6,53,985/- incurred was incorrect.

**3.** Being aggrieved, an appeal was preferred before Id. CIT(A), who vide impugned order confirmed the applicability of provisions under Section 14A of the Act. However, directed the Assessing Officer to restrict the amount of disallowance u/s.14A of the Act to the extent of exempt income earned following the decision of Hon'ble Delhi High Court in the case of Joint Investments P. Ltd vs. CIT, 372 ITR 694. The Id. CIT(A) also directed the Assessing Officer to restrict the disallowance u/s.14A of the Act for the purpose of computing tax liability under the provisions of Section 115JB of the Act.

**4.** Being aggrieved, assessee is in appeal before us in ITA no.3167/CHNY/2018 challenging that in the absence of recording a finding by the Assessing Officer as to how the amount of disallowance offered by the assessee u/s. 14A of the Act is incorrect resort to provisions of Section 14A of the Act cannot be made and he placed reliance on the decisions of Hon'ble Delhi High Court in the cases of *CIT vs. Taikisha Engineering India Ltd, 229 Taxman 143* and *CIT vs. I P Support Services India P. Ltd 378 ITR 240*.

**5.** On the other hand, the Id. CIT (Departmental Representative) placed reliance on the orders of lower authorities.

**6.** We heard the rival submissions and perused the material on record. From the perusal of para 3.3 of the assessment order, it is clear that Assessing Officer gave categorical finding that assessee company had incurred only ₹6,53,985/- to earn dividend income is incorrect. He also assigned reasons as to how the contention of the assessee company is incorrect. In the circumstances, the contention of the assessee is factually incorrect and the case laws relied upon by the assessee has no application to the facts of the assessee company. Thus, the appeal filed by the assessee stands dismissed.

**7.** Now, we take up Revenue appeal in ITA No.3218/CHNY/2018 for adjudication.

**8.** The only issue involved in the present grounds of appeal relates to the computation of amount of disallowance u/s.14A r.w.r. 8D. There is no dispute with regard to applicability of provision of Section 14A of the Act, but the only dispute is with regard to the amount of disallowance. Now the law is settled to the extent that amount of disallowance cannot exceed the exempt income earned during the previous year relevant to the impugned assessment year

under consideration. The decision of the Id. Commissioner of Income Tax (Appeals) is in consonance with the decision of Jurisdictional High Court in the case of *Redington (India) Ltd. vs. ACIT (2017) 77 taxmann.com 257*, and this judgment was affirmed by the Hon'ble Apex Court judgment in the case of *Maxopp Investment Ltd. vs. CIT, Civil Appeal Nos.104 to 109/2015, dated 12.02.2018*. In the circumstances, we do not find any reason to interfere with the order of the Id. Commissioner of Income Tax (Appeals). The appeal filed by the Revenue stands dismissed.

9. To summarize the results, both the appeals filed by the assessee in ITA No.3167/CHNY/2018 and Revenue in ITA No.3218/CHNY/2018 stand dismissed.

Order pronounced on 30th day of January, 2020 at Chennai.

**Sd/-**

(जॉर्ज माथन)

**(GEORGE MATHAN)**

न्यायिक सदस्य/**JUDICIAL MEMBER**

**Sd/-**

(इंटूरी रामा राव)

**(INTURI RAMA RAO)**

लेखा सदस्य/**ACCOUNTANT MEMBER**

चेन्नई/Chennai

दिनांक/Dated: 30th January, 2020.

**KV**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant

3. आयकर आयुक्त (अपील)/CIT(A)

5. विभागीय प्रतिनिधि/DR

2. प्रत्यर्थी/Respondent

4. आयकर आयुक्त/CIT

6. गार्ड फाईल/GF