

**IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "B", PUNE – VIRTUAL COURT**

**BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND
SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER**

**ITA No. 13/PUN/2018
Assessment Year : 2012-13**

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| Tarini Steel Company Ltd., 101, General Block, MIDC, Telco Road, Bhosari, Pune 411 026 PAN : AA ACT6346H | Vs. | DCIT, Circle-10, Pune |
| Appellant | | Respondent |

| | |
|-----------------------|------------------------------|
| Assessee by | None |
| Revenue by | Shri Mahadevan A.M. Krishnan |
| Date of hearing | 21-12-2020 |
| Date of pronouncement | 21-12-2020 |

आदेश / ORDER

PER R.S.SYAL, VP:

This appeal by the assessee is directed against the order passed by the CIT(A)-6, Pune on 29-09-2017 in relation to the assessment year 2012-13.

2. The only issue raised in this appeal is against the confirmation of disallowance of Rs.2,13,600/- made u/s.14A of the Income-tax Act, 1961 (hereinafter also called 'the Act').

3. Briefly stated, the facts of the case are that the assessee filed the return declaring total income of Rs.5.38 crore. During the course of assessment proceedings, the AO observed that the assessee had made investments in shares of Zion Steel Ltd. and

Madhur Engineers Pvt. Ltd. amounting to Rs.4,27,20,000/-. On being called upon to explain as to why no disallowance u/s.14A of the Act was offered, the assessee submitted that no dividend income was earned on these investments. Not Convinced, the Assessing Officer computed the disallowance u/s.14A at Rs.2,13,600/-, which came to be countenanced in the first appeal.

4. We have heard the ld. DR through virtual court and gone through the relevant material on record. There is no appearance from the side of the assessee despite notice. It is seen as an admitted position that the assessee did not earn any exempt income from the shares. Despite that, the AO has computed the disallowance u/s.14A to the tune of Rs.2,13,600/-. The Hon'ble Delhi High Court in *Cheminvest Ltd. vs. CIT (2015) 378 ITR 33 (Del)* has held that if there is no exempt income, there can be no question of making any disallowance u/s 14A of the Act. Similar view has been taken by the Hon'ble Delhi High Court in *CIT vs. Holcim India P. Ltd. (2014) 90CCH 081-Del-HC*. More recently the Hon'ble jurisdictional High Court in *Pr. CIT VS. Kohinoor Projects Pvt. Ltd. (2020) 425 ITR 700 (Bom)* has held that in the absence of any exempt income, there cannot be any disallowance

of expenses u/s 14A of the Act. As the assessee in the instant case did not admittedly earn any exempt income, respectfully following the precedent, we hold that no disallowance was called for. The impugned order is overturned and the sustenance of the disallowance is deleted.

5. In the result, the appeal is allowed.

Order pronounced in the Open Court on 21st December, 2020.

Sd/-
(PARTHA SARATHI CHAUDHURY)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 21st December, 2020
सतीश

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The CIT(A)-6, Pune
4. The Pr.CIT-5, Pune
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे
“बी” / DR ‘B’, ITAT, Pune
6. गार्ड फाईल / Guard file

आदेशानुसार/ BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

| | | Date | |
|-----|--|------------|-------|
| 1. | Draft dictated on | 21-12-2020 | Sr.PS |
| 2. | Draft placed before author | 21-12-2020 | Sr.PS |
| 3. | Draft proposed & placed before the second member | | JM |
| 4. | Draft discussed/approved by Second Member. | | JM |
| 5. | Approved Draft comes to the Sr.PS/PS | | Sr.PS |
| 6. | Kept for pronouncement on | | Sr.PS |
| 7. | Date of uploading order | | Sr.PS |
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| 10. | Date on which file goes to the A.R. | | |
| 11. | Date of dispatch of Order. | | |

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