

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES “B” : HYDERABAD
(THROUGH VIDEO CONFERENCE)**

**BEFORE SHRI S.S.GODARA, JUDICIAL MEMBER
AND
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER**

I.T.A. No. 937/HYD/2018

Assessment Year: 2014-15

Creamline Dairy
Projects Limited,
HYDERABAD
[PAN: AABCC6780D]

Vs

The Deputy Commissioner
of Income Tax,
Circle-1(2),
HYDERABAD

(Appellant)

(Respondent)

For Assessee : Shri K.C.Devdas, AR
For Revenue : Shri Rohit Mujumdar, DR

Date of Hearing : 09-02-2021
Date of Pronouncement : 06-05-2021

ORDER

PER S.S. GODARAA, JM :

This assessee’s appeal for AY.2014-15 arises from the CIT(A)-1, Hyderabad’s order dated 18-12-2017 passed in case No.0227/CIT(A)-1/Hyd/2016-17/2017-18, in proceedings u/s.143(3) of the Income Tax Act, 1961 [in short, ‘the Act’].

Heard both the parties. Case file perused.

2. The assessee has raised the following substantive grounds in the instant appeal:

“2. The Ld.CIT(A) ought to have observed that the assessing officer erred in arriving at the conclusion that the expenditure incurred would come into the ambit of provisions of section 14A of the I.T.Act.

3. *The Ld.CIT(A) ought to have directed the assessing officer that in the facts and circumstances of the case there was no scope for applying provisions of section 14A and disallow expenditure of Rs.14,90,000/-*
4. *The ld.CIT(A) ought to have observed that the assessing officer erred in working out the disallowance at Rs.14,90,000/- by invoking provisions of section 14A and therefore, the same liable to be deleted.”*

3. At the outset, learned authorised representative submitted that there is no dividend income earned in the relevant previous year. In this connection, he relied on the following case law:

- i. CIT Vs. Chettinad Logistics Pvt. Ltd., [80 taxmann.com 221] (Madras);
- ii. CIT Vs. Corrttech Energy Pvt. Ltd., [223 Taxman 130] (Guj);
- iii. Cheminvest Ltd., Vs. CIT (2015) [378 ITR 33] (Del)

Their lordships hold that Section 14A read with Rule 8D applies only in relation to an assessee's exempt income and not otherwise. We therefore delete the impugned disallowance.

4. This assessee's appeal is allowed in above terms.

Order pronounced in the open court on 06th May, 2021

Sd/-

(LAXMI PRASAD SAHU)
ACCOUNTANT MEMBER

Hyderabad,
Dated: 06-05-2021

Sd/-

(S.S.GODARA)
JUDICIAL MEMBER

*gmv

Copy to :

1.Creamline Dairy Projects Limited, C/o B.Narsing Rao & Co., Chartered Accountants, Plot no.554, Road no.92, Jubilee Hills, Hyderabad. – 500 096

2.The Dy.Commissioner of Income Tax, Circle-1(1), Hyderabad.

3.CIT(Appeals)-1, Hyderabad.

4.Pr.CIT-1, Hyderabad.

5.D.R. ITAT, Hyderabad.

6.Guard File.