

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "E" NEW DELHI**

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER  
AND  
Dr. B.R.R. KUMAR, ACCOUNTANT MEMBER**

I.T.A. No.6511/DEL/2017  
Assessment Year: 2014-2015

ACIT, Circle-17(1), New Delhi.	vs.	Modern Info Technology Pvt. Ltd., 305, 3 <sup>rd</sup> Floor, Bhanot Corner, Pamposh Enclave, Greater Kailash-I, New Delhi.
TAN/PAN: AAECM3601J		
(Appellant)		(Respondent)

Appellant by:	Shri M.P. Rastogi, Adv.		
Respondent by:	None		
Date of hearing:	30	06	2021
Date of pronouncement:	27	09	2021

**ORDER**

**PER AMIT SHUKLA, JM**

The aforesaid appeal has been filed by the Revenue against the impugned order dated 25.08.2017, passed by Ld. Commissioner of Income Tax (Appeals)-XXVIII, New Delhi for the quantum of assessment passed u/s.143(3) for the Assessment Year 2014-15. In various grounds of appeal, the Revenue has challenged the deletion of disallowance of Rs.3,12,87,693/- made u/s.14A.

2. The facts in brief are that Assessing Officer has noted that the assessee has done investment in equities, however, no expenses under the provision of Section 14A read with

Rule 8D have been added back in the computation of income. One very important fact noted by the Assessing Officer that assessee in reply filed before the Assessing Officer had categorically stated that company had not claimed any exempt income, therefore, there is no question of any disallowance u/s.14A. However, ld. Assessing Officer mechanically proceeded to make the disallowance u/s.14A read with Rule 8D and worked out the disallowance at Rs.3,12,87,693/-.

3. Ld. CIT(A) after referring to the various judgments of the Hon'ble Delhi High Court in the case of **Cheminvest Ltd. vs. CIT, 378 ITR 333** and catena of other judgments held that no disallowance can be made when there is no exempt income and further Assessing Officer has not been able to establish any nexus between the exempt income if at all earned by the appellant and any expenditure incurred to earn this income.

4. After considering the submissions made by the parties and on perusal of the finding given in the impugned order, we find from the computation of income filed in the paper book that no exempt income has been claimed by the assessee either in the return of income or in the computation of income. This fact has also been noted by the ld. Assessing Officer, at the first page of the order. Once there is no exempt income, then there is no question of any disallowance u/s.14A, and therefore, in the light of the principle laid down

by the Hon'ble Delhi High Court in the case of **Cheminvest Ltd. Vs. CIT (supra)**, no disallowance can be made.

5. In the result, the appeal of the Revenue is dismissed.

Above decision was announced on conclusion of Virtual Hearing in the presence of both the parties on 27<sup>th</sup> September, 2021

Sd/-

**[Dr. B.R.R. KUMAR]**  
**[ACCOUNTANT MEMBER]**

DATED: 27/09/2021

PKK:

Sd/-

**[AMIT SHUKLA]**  
**JUDICIAL MEMBER**