

IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCH "C", MUMBAI  
BEFORE MS. SUCHITRA RAGHUNATH KAMBLE, JUDICIAL MEMBER &  
SHRI PRASHANT MAHARISHI, ACCOUNTANT MEMBER

ITA NO.1297/MUM/2020 (A.Y.2016-17)

India Infoline Finance Ltd.,  
IIFL Ground Floor,  
Hubtown Solaris, Near Andheri East,  
West Flyover, Andheri(E),  
Mumbai-400053  
PAN: **AABCI2915C**

..... Appellant

Vs.

ACIT-12(2)(2),  
Aayakar Bhavan,  
Churchgate, M.K. Road,  
Mumbai-400020

..... Respondent

Appellant by : Sh. Pritesh Mehta, AR  
Respondent by : Sh. Ashish Kumar, Sr.DR

Date of hearing : 15/12/2021  
Date of pronouncement : 23/12/2021

**ORDER**

**Per Prashant Maharishi A M :**

- 01 This appeal is filed by the assessee against the order passed by the Id. Commissioner of Income Tax (Appeals)-20, Mumbai [hereinafter referred to as 'the CIT(A)'] dated 04.11.2019 for Assessment Year (AY) 2016-17. The only grievance is with respect to the disallowance made under section 14A of the Income Tax Act, 1961 (for short 'the Act') r.w.r 8D of the Income Tax Rules ('the Rules') confirmed by the CIT(A).
- 02 The brief facts of the case shows that the assessee is a company engaged in the business of Finance and related activities. It filed its return of income on 29.11.2016 declaring total income of Rs. 452,54,25,540/-. During the year, the assessee has earned dividend income of Rs. 5,46,51,640/-. The assessee made a disallowance of

Rs. 15,00,000/- under section 14A of the Act. The AO asked the assessee to show the disallowance in accordance with Rule 8D of the Rules. The assessee stated that it has not incurred any expenses for earning exempt income, however submitted a working wherein disallowance of Rs. 4,17,98,350/- was offered for disallowance without prejudice. The AO made the disallowance submitted by the assessee of Rs. 4,17,98,350/- under section 14A of the Act and thereafter passed an assessment order under section 143(3) of the Act on 17.12.2018 determining the total income of the assessee at Rs. 456,57,23,890/-. Similar disallowance was also made to the book profit under section 115JB of the Act.

- 03 Assessee is aggrieved and hence preferred an appeal before the Id. CIT(A) who dismissed the appeal of the assessee and confirmed the above disallowance. The assessee is therefore, in appeal before us.
- 04 The Id. Authorized Representative (AR) submitted that identical issue arose in the case of the assessee for AY 2013-14 and 2014-15 wherein Co-ordinate Bench passed an order dated 17.07.2020 in ITA No. 1697 & 1698/Mum/2019 remitting the issue back to the file of the AO for working out disallowance afresh. He also referred to the decision of the Co-ordinate Bench for earlier years also in assessee's own case wherein also the issue remitted back to the file of AO. He, therefore, prayed that the issue may be remitted back to the file of the AO on similar lines for this year also.
- 05 The Id. Departmental Representative (DR) also stated that as the issue is required to be decided in the earlier years first the issue may also be remitted for this year on similar grounds.
- 06 We have carefully considered the rival contentions and perused the orders of the lower authorities. There is no dispute that assessee has earned exempt income during the year and disallowance under section 14A is required to be made. The assessee has earned exempt income of Rs. 5,46,51,640/- and offered a disallowance of only Rs. 15,00,000/-. For the earlier years, the Co-ordinate Bench has set-aside this issue on the identical facts and circumstances to the file of the AO. According to those years, the AO is required to work out the disallowance which cannot exceed the actual expenditure and exempt income earned. Such disallowance is also required to be worked out considering only those investments on which the exempt income is

earned during the year. As there is no other grievance in this appeal, we set-aside the whole issue back to the file of the AO on the similar directions as were given in ITA No. 1697 & 1698/Mum/2019. Accordingly Id AO is directed to work out disallowance u/s 14A of The Act afresh.

07 Accordingly, appeal of the assessee is allowed with above directions.

Order pronounced in the court on 23.12.2021.

sd/-  
(MS. SUCHITRA R. KAMBLE)  
JUDICIAL MEMBER

sd/-  
(PRASHANT MAHARISHI)  
ACCOUNTANT MEMBER

मुंबई/Mumbai, Dated: 23/12/2021  
SK, PS

**प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. आयकर आयुक्त(अ)/ The CIT(A)-
4. आयकर आयुक्त CIT
5. विभागीय प्रतिनिधि, आय.अपी.अधि., मुंबई/DR, ITAT, Mumbai
6. गार्ड फाइल/Guard file.

//True Copy//

BY ORDER,

(Dy./Asstt. Registrar)  
**ITAT, Mumbai**