

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

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.1278/PUN/2018
निर्धारण वर्ष / Assessment Year: 2007-08

Kashinath Revappa Dhole, E-19, MIDC, Akkalkot Road, Solapur- 413006. PAN : AAACK7429C	Vs.	Addl. CIT, Range-1, Solapur.
Appellant		Respondent

Assessee by : None
Revenue by : Shri M. G. Jasnani
Date of hearing : 05.01.2022
Date of pronouncement : 05.01.2022

आदेश / ORDER

PER INTURI RAMA RAO, AM:

This is an appeal filed by the assessee directed against the order of Id. Commissioner of Income Tax (Appeals)-9, Pune ['CIT(A)' for short] dated 25.05.2018 for the assessment year 2007-08.

2. The only issue in the present appeal relates to the disallowance of Rs.3,75,865/- u/s 14A of the Income Tax Act, 1961 ('the Act').
3. Briefly, the facts of the case are as under :-

During the previous year relevant to the assessment year under consideration, the appellant earned income from PPF, RBI tax free

bonds etc, which are claimed as exempt income under the provisions of section 10 of the Act. It is asserted before the Assessing Officer that no expenditure was incurred to earn the exempt income. The Assessing Officer rejecting the above contention made disallowance of expenditure at the rate of 7.5% from the exempt income, which comes to Rs.3,75,865/- u/s 14A of the Act. Even on appeal before the Id. CIT(A), the same was confirmed.

4. Being aggrieved, the appellant is before us in the present appeal.

5. Before us, when the appeal was called on, none appeared on behalf of the appellant despite due service of notice, therefore, we proceed to decide the issue *ex-parte* after hearing the Id. CIT-DR. The only issue in the present appeal relates to the disallowance of expenditure to earn the exempt income under the provisions of section 14A of the Act prior to insertion of Rule 8D of the Income Tax Rules, 1962. Now, it is settled position of law that expenditure at the rate of 2% of the exempt income is held to be reasonable to earn the exempt income. Accordingly, we direct the Assessing Officer to disallow the expenditure at the rate of 2% of exempt

income. Thus, the issue raised in the grounds of appeal stands partly allowed.

6. In the result, the appeal filed by the assessee stands partly allowed.

Order pronounced on this 05th day of January, 2022.

Sd/-
(RAVISH SOOD)
JUDICIAL MEMBER

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 05th January, 2022.

Sujeet

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(A)-9, Pune.
4. The Pr. CIT-6, Pune.
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "B" बेंच, पुणे / DR, ITAT, "B" Bench, Pune.
6. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

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