



Income-tax Rules, 1962, the AO computed disallowance at Rs.62,34,039/-. The assessee contended before the Id. CIT(A) that no exempt income was earned during the year. Not convinced, the Id. CIT(A) upheld the addition, against which the assessee has come up in appeal before the Tribunal.

4. We have heard the Id. DR and perused the relevant material on record. There is no appearance from the side of the assessee despite notice. We are, therefore, proceeding to dispose of the appeal *ex parte qua* the assessee. It is found as an admitted position as has also already been recorded in the impugned order that the assessee did not earn any exempt income during the year. Despite that, the AO has computed disallowance u/s.14A amounting to Rs.62,34,039/-.

5. 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 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.

6. In the result, the appeal is allowed.

Order pronounced in the Open Court on 18<sup>th</sup> January, 2022.

Sd/-  
**(S.S.VISWANETHRA RAVI)**  
**JUDICIAL MEMBER**

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

पुणे Pune; दिनांक Dated : 18<sup>th</sup> January, 2022  
*Satish*

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The CIT(A)-2, Nashik
4. The Pr.CIT-2, Nashik
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "A" / DR 'A', 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	18-01-2022	Sr.PS
2.	Draft placed before author	18-01-2022	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
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

\*