

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'D' BENCH: CHENNAI**

श्री वी. दुर्गा राव, न्यायिक सदस्य एवं  
श्री जी. मंजूनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI V. DURGA RAO, JUDICIAL MEMBER AND**  
**SHRI G. MANJUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.1322/Chny/2018  
निर्धारण वर्ष /Assessment Year: 2014-15

M/s.Metal & Scraps Traders Pvt. Ltd., v. The Dy. Commissioner of  
C/o.V.Ravichandran, Income Tax,  
49 (Old No.24), Sixth Main Road, Corporate Circle-4(1),  
R.A.Puram, Chennai-600 028. Chennai.  
[PAN: AACCM 0313 K]  
(अपीलार्थी/Appellant) (प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : None  
प्रत्यर्थी की ओर से /Respondent by : Mrs.R.Anita, Addl.CIT  
सुनवाई की तारीख/Date of Hearing : 23.12.2021  
घोषणा की तारीख /Date of Pronouncement : 05.01.2022

**आदेश / O R D E R**

**PER G. MANJUNATHA, ACCOUNTANT MEMBER:**

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals)-8, Chennai, dated 14.02.2018 and pertains to AY 2014-15.

**2.** The assessee has raised the following grounds of appeal:

1. *For that the order of the Commissioner of Income Tax (Appeals) is contrary to law, facts and circumstances of the case to the extent prejudicial to the interests of the appellant and is opposed to the principles of equity, natural justice and fair play.*

2. *The Commissioner of the Income Tax (Appeals) is not justified in disposing the appeal without Considering the Evidence produced at the time of Hearing.*

3. *The Commissioner of the Income Tax (Appeals) is not justified in by applying the U/s.14A of the Income Tax Act Rule 8 D and addition of Rs.47,96,214/-*

**:: 2 ::**

*4 In any event order of the CIT (A) is unjust, capricious and made without proper reference to the facts of the case and law applicable thereto. 5 Your appellant craves the leave of the Hon'ble Tribunal to produce additional evidence as well as submit additional and/or supplementary grounds, in view of the disposal of the appeal base on inchoate materials available on record.*

*6 For these grounds and for such other grounds that may be adducted at the time if hearing it is prayed that the order of the commissioner of the Income Tax Appeals be cancelled and or be modified accordingly.*

**3.** Brief facts of the case are that the assessee company is engaged in the business of trading in all kinds of ferrous scrap, filed its return of income for the AY 2014-15 on 29.09.2014 admitting total income of Rs.1,67,09,080/- and subsequently filed revised return on 02.01.2015 declaring total income of Rs.1,69,41,310/-. The assessment for the impugned assessment year has been completed u/s.143(3) on 31.12.2016 determining the total income of Rs.2,17,37,523/- by making additions towards disallowance u/s.14A of the Act of Rs.47,96,214/- towards expenditure relatable to exempt income earned for the year. The assessee carried the matter in appeal before the First Appellate Authority. The Ld.CIT(A) for the reasons stated in the Appellate Order dated 14.02.2018 sustained the additions made by the AO and dismissed the appeal filed by the assessee by holding that the AO is right in disallowing the expenses relatable to exempt income u/s.14A by invoking Rule 8D of Income Tax Rules, 1962.

**4.** None appeared on behalf of the assessee. We have heard the Ld.DR and perused the materials available on record. The Ld.DR, at the time of hearing made a statement at bar that the assessee has not earned exempt income for the year under consideration and thus it appears that this issue

**:: 3 ::**

is covered in favour of the assessee by the decision of the Hon'ble Madras High Court in the case of M/s.Redington India Ltd. v. ACIT reported in (2017) 77 Taxmann.com 257 (Mad). We find that the Hon'ble jurisdictional High Court of Madras has considered an identical issue in the case of M/s.Redington India Ltd. v. ACIT (supra), wherein, after considering the fact that the assessee has not earned any exempt income for the relevant period held that in the absence of exempt income no disallowance can be made towards expenses relatable to said exempt income u/s.14A of the Income Tax Act, 1961. In this case, admittedly, the assessee has not earned any exempt income from its investments and thus, in view of the binding decision of the Hon'ble jurisdictional High Court of Madras in the case of M/s.Redington India Ltd. v. ACIT, we are of the considered view that the AO erred in disallowing the expenses u/s.14A of the Income Tax Act, 1961 and hence, we direct the AO to delete the addition made towards expenses u/s.14A of the Income Tax Act, 1961 r.w.r.8D of Income Tax Rules, 1962.

**5.** In the result, the appeal filed by the assessee is allowed.

Order pronounced on the 05<sup>th</sup> day of January, 2022, in Chennai.

**Sd/-**

(वी. दुर्गा राव)

**(V. DURGA RAO)**

न्यायिक सदस्य/**JUDICIAL MEMBER**

**Sd/-**

(जी. मंजूनाथा)

**(G. MANJUNATHA)**

लेखा सदस्य/**ACCOUNTANT MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 05<sup>th</sup> January, 2022.

**TLN, Sr.PS**

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**आदेश की प्रतिलिपि अग्रेषित/Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त (अपील)/CIT(A)
4. आयकर आयुक्त/CIT
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF