

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'B', NEW DELHI**

**BEFORE SH. N. K. BILLAIYA, ACCOUNTANT MEMBER
AND
SH. YOGESH KUMAR US, JUDICIAL MEMBER
(THROUGH VIDEO CONFERENCING)**

ITA No.647/Del/2019
Assessment Year: 2014-15

Competent Holdings Pvt. Ltd. A-44, Kailash Colony, New Delhi PAN No. AAACC0518J (APPELLANT)	Vs	ACIT Circle – 6 (1) New Delhi (RESPONDENT)
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Appellant by	Sh. S. Krishnan, Advocate
Respondent by	Sh. Kumar Parnav, Sr. DR

Date of hearing:	15/02/2022
Date of Pronouncement:	15/02/2022

ORDER

PER N. K. BILLAIYA, AM:

This appeal by the assessee is preferred against the order of the CIT(A)-33, New Delhi dated 13.09.2018 pertaining to A.Y.2014-15.

2. The solitary grievance of the assessee is that the CIT(A) erred in confirming the disallowance of Rs.577221/- made u/s. 14A of the Act.

3. Briefly stated the facts of the case are that the assessee earned dividend income of Rs.9,97,226/- which was claimed as exempt u/s.10 (34) of the Act.

4. During the course of the scrutiny assessment proceedings the assessee was asked to explain why the disallowance u/s.14A should not be made.

5. In its reply the assessee stated that the dividend income has been earned from the shares held as stock in trade duly reflected in its financial statements. The reply of the assessee did not find any favour with the AO who proceed by computing the disallowance u/s.14A r.w.r 8D and made addition of Rs.577221/-.

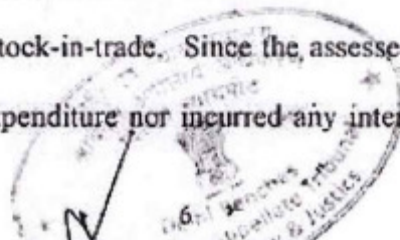
6. The assessee agitated the matter before the CIT(A) but without any success.

7. Before us the counsel for the assessee drew our attention to the decision of the Tribunal in assessee's own case for A.Y.2013-14 and pointed out that on identical set of facts the Tribunal has deleted the disallowance.

8. The DR placed strong reliance on the orders of the authorities below but could not bring any distinguish decision in favour of the revenue.

9. We have carefully considered the orders of the authorities below and find that on identical disallowance was considered by this Tribunal (supra). The relevant findings of the coordinate Bench read as under :-

10. We find sufficient force in the arguments advanced by the Id. Counsel for the assessee. A perusal of the assessment order at page 3 shows that the AO himself has held that no direct expenditure was incurred by the assessee for earning exempt income and, therefore, no disallowance of direct expenses is called for in the case of the assessee. A perusal of the schedules attached to the balance sheet shows that the assessee has incurred financial charge of Rs.24,48,850/- whereas it has earned interest income of Rs.1,15,41,473/-. Therefore, the assessee has not incurred any interest expenditure for investment in shares. A perusal of revenue from operations as per schedule 17 shows that the sale of shares during the year has been shown at Rs.8,66,32,920/- out of the total revenue of Rs.8,69,87,483/-. Similarly, the assessee has shown inventory of closing stock of shares at Rs.1,88,02,343/-. The Hon'ble Supreme Court in the case of Maxopp Investments (supra) has held that no disallowance u/s 14A can be made for dividend received of scrips that are shown as stock-in-trade. Since the assessee in the instant case has not incurred any direct expenditure nor incurred any interest expenditure and the



exempt dividend income has been received on scrips which are shown as stock-in-trade, therefore, disallowance, if any can only be made for the dividend income earned from the Tata Mutual Fund. Such dividend income has been shown at Rs.76,158/-. Considering the totality of the facts, we are of considered opinion that disallowance of 10% of such income, i.e., Rs.7,616/- under the facts and circumstances of the case will meet the ends of justice. We hold and direct accordingly. The ground raised by the assessee is accordingly partly allowed.

10. Respectfully, following the findings of the coordinate Bench we direct the AO to restrict the disallowance to Rs.997226/- being 10% of the exempt income.

11. In the result, the appeal filed by the assessee is partly allowed.

12. The order is pronounced in the open court on 15.02.2022 in the presence of both the rival representatives.

Sd/-
(YOGESH KUMAR US)
JUDICIAL MEMBER

Sd/-
(N. K. BILLAIYA)
ACCOUNTANT MEMBER

NEHA

Date:- .02.2022

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT NEW DELHI

Date of dictation	15.02.2022
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for Pronouncement	
Date on which the fair order comes back to the Sr. PS/ PS	
Date on which the final order is uploaded on the website of ITAT	15.02.2022
Date on which the file goes to the Bench Clerk	

Date on which file goes to the Head Clerk.	
The date on which file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	