

**IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, PUNE**  
**BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER**  
**AND**  
**SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER**

**आयकर अपील सं. / ITA No.228/PUN/2019**

**निर्धारण वर्ष / Assessment Year : 2014-15**

AMJ Land Holdings Limited  
(Formerly known as Pudumjee Pulp &  
Paper Mills Ltd.)  
Thergaon, Pune – 411033

PAN: AABCP0310Q

.....अपीलार्थी / Appellant

**बनाम / V/s.**

The Asst. Commissioner of Income Tax,  
Circle 10, Pune

.....प्रत्यर्थी / Respondent

Assessee by : Shri Nikhil S Pathak  
Revenue by : Shri S.P. Walimbe

सुनवाई की तारीख / Date of Hearing : 13-07-2022

घोषणा की तारीख / Date of Pronouncement : 01-08-2022

**आदेश / ORDER**

**PER INTURI RAMA RAO, AM:**

This is an appeal filed by the assessee directed against the order of Ld. Commissioner of Income Tax (Appeals)-8, Pune, dated 04.01.2019 for the assessment year 2014-15.

2. Briefly, the facts of the case are as under:

The appellant is a company engaged in the business of manufacturing and sale of pulp & paper. The return of income for the assessment year 2014-15 was filed on 26.03.2016 declaring total income of Rs.9,54,91,520/-. Against the said return of income, assessment was

completed by the Assessing Officer (AO) after making disallowance u/s 14A read with rule 8D(3) of Rs.6,09,200/-. Being aggrieved by the above disallowance, an appeal was preferred before the CIT(A), who vide impugned order had confirmed the disallowance made by the AO.

3. Being aggrieved by the order of CIT(A), the appellant is before us in the present appeal contesting that for the purpose of computing the average value of investments, investments which yielded exempt income alone has to be considered. Thus, it was pleaded that the matter be remanded to the file of AO for the purpose of re-computation of disallowance under limb (iii) of rule 8D(2) by considering the value of investments which yielded the exempt income alone for the purpose of computing average value of investments.

4. We have heard the rival contentions and perused the materials available on record. The only issue that arises for consideration is manner of computing the amount of disallowance under sub clause (iii) of sub-rule (2) of Rule 8D of the Rule. The issue as regards to the applicability of provision of section 14A of the Act is not under challenge before us. The Hon'ble Special Bench of Income Tax Appellate Tribunal, Delhi in the case of Asstt. CIT Vs. Vireet Investment (P) Ltd., 188 TTJ (Del)(SB) 1 has held that while computing the amount of disallowance under sub clause (iii) of sub-rule (2) of Rule 8D of the Rule, the value of investment which yielded exempt income alone has to be considered for the purpose of arriving at average value of investment. On the similar lines, the decision of the Hon'ble Delhi High Court in the case of ACB India Ltd. Vs. Assistant Commissioner of Income Tax, 374 ITR 108 and the decision of the Madras High Court in the case of Marg Ltd. Vs. CIT, 318 CTR (Mad.) 148 and followed subsequently by the Hon'ble Madras High Court in the case of CIT

Vs. Shriram Ownership Trust 318 CTR (Mad.) 233 and also by the Karnataka High Court in the case of Pragathi Krishna Gramin Bank Vs. Jt. CIT, 95 Taxman.com 41 (Kar.).

5. In light of the above decisions, we find merit in the submissions made on behalf of the appellant that the amount of investment which yielded exempt income alone should be taken into consideration for the purpose of arriving at average value of investment as envisaged under sub clause (iii) of sub-rule (2) of Rule 8D of the Rule. Accordingly, we restore the matter back to the file of Assessing Officer for the purpose of computing the amount of disallowance in the above mentioned manner.

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

Order pronounced in the open court on 1<sup>st</sup> August, 2022.

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

Sd/-  
**INTURI RAMA RAO**  
**ACCOUNTANT MEMBER**

पुणे / Pune; दिनांक / Dated : 1<sup>st</sup> August, 2022

GCVSR

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. आयकर आयुक्त(अपील) / The CIT(A)-8, Pune;
4. The Pr.CIT-5, Pune
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "A" / DR 'A', ITAT, Pune;
6. गार्ड फाईल / Guard file.

आदेशानुसार / BY ORDER,

//सत्यापित प्रति// True Copy//

वरिष्ठ निजी सचिव / Sr. Private Secretary  
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune