

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

श्री महावीर सिंह, उपाध्यक्ष एवं डॉ दीपक पी. रिपोटे, लेखा सदस्य के समक्ष
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND
DR. DIPAK P. RIPOTE, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.314/Chny/2018
निर्धारण वर्ष /Assessment Year: 2013-14

**State Industries Promotion Corp.
of Tamilnadu Ltd.,**
No.19-A, Rukmani Lakshmi pathy
Road, Egmore,
Chennai – 600 008.
[PAN: AAACS-4643-J]

**The Dy. Commissioner of
Income Tax,**
Vs. Corporate Circle-6(2),
Chennai.

(अपीलार्थी/**Appellant**)

(प्रत्यर्थी/**Respondent**)

अपीलार्थी की ओर से/ Appellant by
प्रत्यर्थी की ओर से /Respondent by

: Shri G. Baskar, Advocate
: Shri Hema Bhupal, JCIT

सुनवाई की तारीख/Date of Hearing

: 18.08.2022

घोषणा की तारीख /Date of Pronouncement

: 18.08.2022

आदेश / ORDER

Per Mahavir Singh, Vice President :

This appeal by the assessee is arising out of the order of Commissioner of Income Tax (Appeals)-15, Chennai, in ITA No.624/2016-17/CIT(A)-15 dated 30.10.2017. The Assessment was framed by Dy. Commissioner of Income Tax, Corporate Circle-6(2), Chennai for the relevant Assessment Year 2013-14 vide order dated

24.03.2016 u/s. 143(3) of the Income Tax Act, 1961 (hereinafter 'the Act').

2. The only issue in this appeal of assessee is as regards to the order of CIT(A) confirming the action of the A.O in disallowing expenses relatable to exempt income by invoking the provisions of s. 14A of the Act r/w Rule 8D(2)(iii) of the Income Tax Rules, 1962 (hereinafter 'the Rules') amounting to Rs. 4,37,227/-.

3. We have heard the rival contentions and gone through the facts and circumstances of the case. We noted from the assessment order, arguments of both sides that only disallowance made by the A.O of expenses relatable to exempt income are administrative expenses under Rule 8D(2)(iii) of the Rules at 0.5% of average value of investment amounting to Rs. 4,37,227/-. The CIT(A) also confirmed the action of A.O by noting that the assessee has exempted dividend income of Rs. 41,21,189/- which was claimed as exempt. He noted that the A.O has disallowed administrative expenses to the extent of Rs. 4,37,227/- and the assessee has not made any submission except that the aforesaid investment which gave rise to exempt income was made out of its own funds. The CIT(A) noted that the assessee has not ruled out the possibility of common expenditure incurred for

investment in bonds and shares yielding exempt income. Therefore, he confirmed the disallowance.

4. We noted from the argument of the Ld. counsel for the assessee and from documents filed before us, that the assessee has not claimed any exemption and when pointed out from the documents that in the computation of income the assessee has claimed this exemption on account of dividend income. He drew our attention to the return of income Schedule-EI at Page-29 of assessee's paper book, wherein the exempt income claimed as Nil. But the Ld. Sr. D.R pointed out from the computation of income that assessee has categorically claimed exemption in his computation which is amounting to Rs. 41,21,189/-. Once the assessee has claimed exempt income, the A.O has rightly invoked the provisions of s. 14A of the Act r/w Rule 8D(2) of the Rules and made disallowance of administrative expenses under Rule 8D(2)(iii) of the Rules. We find no infirmity in the orders of the lower authorities and hence, the orders of lower authorities are affirmed. Thus, the appeal of the assessee is dismissed.

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5. In the result, appeal of the assessee is dismissed.

Order pronounced in the Open Court on 18th August, 2022.

Sd/-

**(डॉ दीपक पी. रिपोटे)
(Dr. Dipak P. Ripote)**

लेखा सदस्य /Accountant Member

Sd/-

**(महावीर सिंह)
(Mahavir Singh)**

उपाध्यक्ष / Vice President

चेन्नई/Chennai, दिनांक/Dated: 18th August, 2022.

EDN/-

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