

आयकर अपीलीय अधिकरण न्यायपीठ रायपुर में।  
IN THE INCOME TAX APPELLATE TRIBUNAL,  
RAIPUR BENCH, RAIPUR

BEFORE SHRI RAVISH SOOD, JUDICIAL MEMBER  
AND  
SHRI ARUN KHODPIA, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No.143/RPR/2018  
निर्धारण वर्ष / Assessment Year : 2014-15

The Assistant Commissioner of Income Tax-1(1),  
Raipur (C.G.)

.....अपीलार्थी / Appellant

**बनाम / V/s.**

M/s. R.N. Navnirman Pvt. Ltd.  
Vandana Building,  
Raipur (C.G.)

PAN : AADCR0896D

.....प्रत्यर्थी / Respondent

Assessee by :Shri R.B Doshi, CA  
Revenue by :Shri Sanjay Kumar, Sr. DR

सुनवाई की तारीख / Date of Hearing : 25.07.2022  
घोषणा की तारीख / Date of Pronouncement : 23.09.2022

**आदेश / ORDER****PER RAVISH SOOD, JM:**

The present appeal filed by the revenue is directed against the order passed by the CIT(Appeals)-I, Raipur, dated 25.04.2018, which in turn arises from the order passed by the A.O under Sec 143(3) of the Income-tax Act, 1961 (in short 'the Act') dated 23.12.2016 for assessment year 2014-15. Before us the revenue has assailed the impugned order on the following grounds of appeal:

- “1. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) was justified in deleting the addition of Rs.2,93,80,000/- made by the AO u/s 68 of the Act?"
2. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) was justified in deleting the addition of Rs.2,93,80,000/-by ignoring the facts as brought on record by the AO that the assessee company failed to prove the genuineness and creditworthiness of the investor company as per the parameters of the legal provisions u/s. 68 of the Act?"
3. Whether on points of law and on points of facts & circumstances of the case, the Ld. CIT(A) having concurrent powers of the AO u/s 250(4) of the Act, was justified in deleting the addition of Rs. 2,93,80,000/- made by the AO in the absence of satisfaction of parameters prescribed u/s 68 of the Act?"
4. "Whether on points of law and on points of facts & circumstances of the case, Ld. CIT(A) was justified in giving a finding which is contrary to the ratio of the decision of Hon'ble Supreme Court in the case of M/s Rajmandir Estates Pvt. Ltd. vs PCIT-III, Kolkata (SLP No. 22566-22567 dt. 09.01.2017?"
5. "Whether on points of law and facts & circumstances of the case, the Ld. CIT(A) was justified in giving a finding which is contrary to

the ratio of the decisions of ITAT, Kolkata 'B' Bench in the case of M/s SubhlakshmiVanijya (P) Ltd. Vs CIT-1, Kolkata in ITA No. 1104/Ko1/2014 and other cases dated 30.07.2015?"

6. "Whether on points of law and facts & circumstances of the case, the Ld. CIT(A) was justified in giving a finding which is contrary to the ratio of the decision of Hon'ble ITAT, Kolkata Bench in the case of M/s Bisakha Sales (P) Ltd. Vs CIT-II, Kolkata [ITA No.1493/Kolkata/2013]?"

7. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) was justified in deleting the disallowance of Rs.2,52,049/- made by the AO u/s 14A of the Act r.w.r. 8D of the I.T. Rules without considering the extent provisions of section 14A(3) of the I.T. Act, 1961.?"

8. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) has erred in deleting the addition made u/s 14A, when clause (3) of the Section 14A of the Act clearly prescribes that provision of section 14A(2) shall also apply in relation to case where any assessee claims that no expenditure has been incurred by him in relation to the income which does not part form part of the total income under this Act, as held in the case of Cheminvest Ltd. Vs ITO (ITAT, SB-Del) 121 ITD 318 a d Pradeep Kar Vs ACIT(Kar) 319 ITR 416?"

9. "Whether on points of law and facts & circumstances of the case, the Ld. CIT(A) was justified by giving a finding that the exemption of income from taxability by claiming no expenditure when assessee as an earner of exempt income did not discharge his onus to prove that it did not incur expenditure to earn exempt income?"

10. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) was justified in assuming that investment was made out of own funds which is against the ratio of the decision of Hon'ble Bombay High Court in the case of CIT vs HDFC Bank Ltd [366 ITR 505 (Born)] wherein it has been held that presumption of availability of interest apply if same is available at the time of making has not been established assessee ?"

11. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) was justified in deleting the addition by holding that the assessee has not earned any tax free income which is against the ratio of the decision of Hon'ble Chennai ITAT in the case of M. A. Alagappan Vs ACIT ( ITA No 3280/Mds/2016) wherein it was held that it is not necessary to earn exempt income for making disallowance u/s 14A and the similar decision has also held in the

cases of (i) Sira Industries & Holding Pvt. Ltd. (2012) 54 SOT 49(Chen), (ii) Technopark Advisory Pvt. Ltd (2012) 50 SOT 31(Del), (iii) Relaxo Footwear Ltd (2012) 50 SOT 102 (Del) and (iv) India Infrastructure Developers Ltd (2009) 121 ITD 315 (Del)?

12. "Whether on points of law and on facts & circumstances of the case, the Ld. CIT(A) was justified in deleting the addition by ignoring the circular no. 05/2014 dated 11.02.2014 issued by CBDT wherein it has been clarified that the disallowance u/s 14A is applicable even where taxpayer in particular year has not earned any exempt income?"

13. "Whether on points of law and facts & circumstances of the case, the Ld. CIT(A) has erred by giving a finding which is contrary to the evidence on record that there is no direct nexus between the borrowed funds and investment in shares, which is factually and legally incorrect, thereby rendering the decision which is perverse?"

14. "Whether on points of law and on facts & circumstances of the case, the ITAT was justified in confirming the order of Ld. CIT(A) has erred by giving a finding which is contrary to the evidence on record, as the Ld. CIT(A) has accepted the creditworthiness of the entities investing in the share capital and share premiums of the assessee company as genuine, a finding which is factually incorrect, thereby rendering the decision, which is perverse?"

15. "Whether on points of law and facts & circumstances of the case, the Id. CIT(A) was justified in giving a decision in favour of the assessee and against the revenue though there is no nexus between the conclusion of fact and primary fact upon which conclusion is based?"

16. "The order of is erroneous both in law and on facts".

17. "Any other ground that may be adduced at the time of hearing".

2. Succinctly stated, the assessee company which is engaged in the business of manufacturing of HB wire, HBG wire, Standard Wire & Grooved Rubber sole plates, had filed its return of income for the assessment year 2014-15 on 30.09.2014, declaring an income of

Rs.6,97,400/-. Subsequently, the case of the assessee was selected for scrutiny assessment u/s.143(2) of the Act.

3. During the course of the assessment proceedings, it was, inter alia, observed by the A.O that the assessee company during the year under consideration had claimed to have received share capital of Rs.2,93,80,000/- from a related company, viz. Lovely Suppliers Pvt. Ltd. On a perusal of the records, it was gathered by the A.O that the assessee company had way back invested in shares of certain Kolkata based companies which, thereafter, had been sold at the same price to certain other Kolkata based companies. It was observed by the A.O that it was quite unusual that the shares of the aforesaid companies which were valued at lower price in the past years, had been sold by the assessee during the year under consideration at par to the Kolkata based companies. Culling out at length the modus-operandi that was adopted for conversion of uncounted money in the garb of share capital and share premium through shell companies, the A.O was of the view that as the respective companies from/to whom the assessee company had claimed to have purchased/sold shares, neither had any business credentials nor were carrying out any business activities therefore,

the said transactions of purchase/sale of shares was nothing but a mere transfer of funds from one company to another company. It was further observed by the A.O that the Income Tax Department had over the years conducted multilayered investigations which had revealed laundering of funds in the garb of sham transactions that were carried across the country in the recent past. It was observed by the A.O that the aforesaid shell companies were artificially structured with no business activities and their bank accounts revealed the identical trend of deposit of money towards share capital and premium, which thereafter would be immediately transferred as loans. On the basis of his aforesaid observations, the A.O was of the view that the only rationale behind the aforesaid transactions was to route unaccounted money through the façade of operator run companies in the garb of loan transactions. Ostensibly, the A.O after deliberating at length on the modus-operandi that was adopted by shell companies to launder ill-gotten money in the form of share capital/premium and loans, as well as referring to the multilayered investigations that were conducted by the Income Tax Department over the year across the country, which revealed routing of unaccounted money through a maze of such transactions,

concluded, that as the assessee had failed to come forth with any explanation about the nature and source of the credits that were appearing in the form of share capital of M/s. Lovely Suppliers Pvt. Ltd. (supra), therefore, having failed to discharge the onus that was cast upon it as regards proving the nature and source of the aforesaid receipt, the same, thus was to be held as an unexplained cash credit u/s.68 of the Act. The A.O while observing as herein above, was of the view that the fact that the transactions in question were carried out through cheques would not be taken as sacrosanct for proving the genuineness of the credits in question. Also, it was observed by him that a mere filing of PAN details of the share applicant would also not assist the assessee to prove the genuineness of the cash credit in question. It was further observed by the A.O that as there were no business credentials of the aforesaid company, viz. Lovely Suppliers Pvt. Ltd.(supra), therefore, it could not be ascertained that the latter had infused funds in the form of share capital and share premium with the assessee company. Accordingly, on the basis of his aforesaid observations the A.O held the aforesaid amount of Rs.2,93,80,000/- that was claimed by the assessee to have been received as share capital and share premium

from M/s. Lovely Suppliers Pvt. Ltd. (supra) as an unexplained cash credit u/s.68 of the Act. After, inter alia, making the aforesaid addition of Rs.2,93,80,000/- vide his order passed u/s.143(3), dated 23.12.2016 the AO determined the income of the assessee company at Rs.3,03,29,450/-.

3.1 Also, the A.O taking cognizance of the fact that though the assessee was holding exempt income yielding investments but had not offered any disallowance u/s.14A of the Act, thus, worked out the disallowance qua the administrative expenses that would have been incurred by the assessee in context of such investments by triggering the mechanism contemplated in Rule 8D(2)(iii) at an amount of Rs.2,52,049/-.

4. Aggrieved, the assessee carried the matter in appeal before the CIT(Appeals). It was the claim of the assessee in the course of the appellate proceedings that the A.O had most arbitrarily brushed aside the supporting documentary evidences that were filed before him to substantiate its claim of having received the aforesaid amount of share capital and share premium from the aforesaid share applicant company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra).

Elaborating on his aforesaid contention, it was submitted by the assessee that in the course of the assessment proceedings it had filed before the A.O complete details of the share applicant, viz. name, address, PAN, details of cheques through which the payment was received, copy of acknowledgement of income tax return of the share applicant company a/w. its audited annual report, copy of bank statement in which amount was received by the assessee company and copy of bank statement of the share applicant company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra). Also, it was stated by the assessee that the complete details of number of shares which were thereafter allotted to the aforesaid share applicant company a/w. transaction number etc. were also filed with the A.O. It was further submitted by the assessee that the source of investment made by the share applicant company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra) were the funds which were received by it through banking channels from certain other companies on sale of its investments, which fact could safely be gathered from a perusal of its bank statement that was filed before the A.O. On the basis of his aforesaid contentions, it was the claim of the assessee that as it had in the course of the assessment proceedings duly established the

identity and creditworthiness of the share applicant, as well as the genuineness of the transaction of having received the amount of share capital and share premium in question, therefore, there was no justification on the part of the A.O in dubbing the amount in question as unexplained cash credit u/s.68 of the Act.

5. Considering the facts as were pressed by the assessee before him, the CIT(Appeals) was of the view that though the assessee had in the course of the assessment proceeding duly furnished with the A.O supporting documentary evidences to substantiate the authenticity of the transaction of having received share capital and share premium from the aforementioned company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra), but he had rejected the same without giving any reason for doing so. It was further observed by the CIT(Appeals) that though the assessee had furnished documents such as PAN, balance sheet, ROC details, bank statement, share application form pertaining to the aforesaid transaction in question, however, the A.O had chosen not to carry out any enquiry but to summarily treat the same as ingenuine transaction. It was observed by the CIT(Appeals) that the conviction of the A.O that the companies from whom money had been received by the share applicant

company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra) appeared to be related with paper companies which had been floated for the purpose of providing bogus entry, was nothing better than an unsubstantiated observation that had no leg to stand upon. It was observed by the CIT(Appeals) that except for harping upon the general modus operandi that was adopted by paper companies to facilitate introducing of unaccounted money of a person in the garb of share application money, the A.O, had however, failed to place on record any such document which would dislodge the claim of the assessee of having received genuine amount of share capital and premium from the share applicant in question. In so far the identity of the share subscriber company i.e. M/s. Lovely Suppliers Pvt. Ltd. (supra) was concerned, it was observed by the CIT(Appeals) that as the latter was an in house company having common directors as that of the assessee company, therefore, the same stood duly established. Ostensibly, as observed by the CIT(Appeals), the A.O had failed to place on record any such material which would evidence laundering of the assessee's unaccounted money through paper companies in the garb of the amount received from the aforesaid share subscriber company i.e. M/s. Lovely Suppliers Pvt. Ltd. (supra). Rebutting the

adverse inferences drawn by the A.O as regards the authenticity of the transaction in question; it was observed by the CIT(Appeals) that the substantial documentary evidence that were filed by the assessee in support thereof i.e. share application form, bank statement of the share applicant company, PAN, return of income a/w. audited accounts of the share applicant company, memorandum of association, article of association, therein duly proved the same. Considering the aforesaid facts, the CIT(Appeals) drawing support from the judgment of the Hon'ble High Court of Chhattisgarh in the case of Pawan Kumar Agrawal Vs. ITO, Ward 2(2), Bilaspur, concluded that as the assessee by furnishing the aforesaid supporting documentary evidence to substantiate its claim of having received genuine share capital and share premium from the aforesaid share subscriber, had discharged the onus that was cast upon it, thus, in absence of any notice having been issued by the A.O u/ss. 133(6) or 131 of the Act, no adverse inferences could have been summarily drawn by him as regards the authenticity of the transaction in question. Apart from that, it was observed by the CIT(Appeals) that not only the A.O had failed to carry out any enquiry, but had also grossly erred in law and the facts of the case in

not making available to the assessee any material which he intended to use for drawing of adverse inferences against it. It was, thus, observed by the CIT(Appeals) that as the A.O had by relying on certain documents at the back of the assessee drawn adverse inferences in the latter's hand, therefore, the same pursuant to the judgment of the Hon'ble Supreme Court in the case of Andaman Timber, 281 CTR 241 (SC) in the light of the basic tenements of the principles of natural justice could not be sustained. It was observed by the CIT(Appeals) that now when the assessee had discharged the primary onus that was cast upon it by placing on record supporting documentary evidence to substantiate the genuineness and veracity of the transaction of having received share capital and premium from the aforesaid share subscriber i.e. M/s. Lovely Suppliers Pvt. Ltd. (supra), therefore, the onus was shifted upon the A.O to prove otherwise. It was further noticed by the CIT(Appeals) that as the share subscriber company was duly registered with ROC and was having registered offices a/w. registration number, and the fact that the payment towards share capital and share premium was received through banking channels, therefore, the genuineness of the

transaction could not be doubted in absence of any material placed on record which would prove to the contrary.

6. Coming to the source of source i.e. the source out of which the share subscriber company i.e. M/s. Lovely Suppliers Pvt. Ltd. (supra) had made the payment towards share capital and share premium to the assessee company, it was observed by the CIT(Appeals) that the aforesaid share subscriber had during the year under consideration sold its investments and in lieu thereof was in receipt of money from various other companies, viz. (i) amount received from M/s. Silbhadar Vyapar Pvt. Ltd. on 06.04.2013 : Rs. 25 lacs; and (ii) amount received from M/s. Padam Prabhu Distributors Pvt. Ltd. on 06.04.2013: Rs. 25 lacs, out of which an amount of Rs.34 lacs was channelized on 08.04.2013 as share application money to the assessee company. Also, it was observed by the CIT(Appeals) that other sums were also paid by the share subscriber company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra) to the assessee company out of the sale proceeds of its investment. It was observed by the CIT(Appeals) that as the case of the assessee investor company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra) for the year under consideration i.e. A.Y. 2014-15 was subjected to scrutiny assessment

u/s.143(3), dated 08.02.2017, therefore, the said fact duly substantiated the authenticity of the transaction in question. On the basis of the aforesaid facts, it was concluded by the CIT(Appeals) that as the assessee by placing on record substantial documentary evidence had proved to the hilt the genuineness of the transaction, therefore, the A.O without carrying out any enquiry could not have justifiably drawn adverse inferences as regards the authenticity of the transaction in question. Accordingly, drawing support from the judgement of the Hon'ble Supreme Court in the case of CIT Vs. Lovely Exports (P) Ltd. 216 CTR 195 and that of the Hon'ble High Court of Chhattisgarh in the case of ACIT Vs. Venkateshwar Ispat (P) Ltd., 319 ITR 393, it was observed by the CIT(Appeals) that now when the investment made by the share subscriber company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra) was duly reflected in the latter's audited financial statement for the year under consideration, therefore, there was no justification on the part of the A.O in dislodging the claim of the assessee of having raised genuine amount of share capital and share premium from the aforesaid party without placing on record any material which would prove otherwise. Accordingly, the CIT(Appeals) on the basis of his aforesaid

observation vacated the addition made by the A.O by treating the share capital and share premium received by the assessee company from the aforesaid share subscriber company, viz. M/s. Lovely Suppliers Pvt. Ltd. (supra) as unexplained cash credit u/s.68 of the Act.

7. Adverting to the disallowance u/s.14A of the Act, The CIT(Appeals) was of the view that as the assessee company during the year under consideration had not received any exempt dividend on the investments in question, therefore, the no disallowance could have been made by the A.O u/s.14A of the Act.

8. The Revenue being aggrieved with the order of the CIT(Appeals) has carried the matter in appeal before us.

9. We have heard the ld. authorized representatives of both the parties, perused the orders of the lower authorities and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by them to drive home their respective contentions.

10. Before dealing with the issue in hand, we may herein observe that a bare perusal of the assessment order reveals that the A.O had except for harping upon the modus-operandi i.e. adopted for laundering of unaccounted money in the garb of share capital/premium of shell companies a/w. dwelling upon the fact of multilayered investigations that had been carried out by the Income Tax Department over the year across the country, on the basis of which a maze of transactions carried out through façade of operator run companies for laundering money in the garb of loan had surfaced, had however not come forth with any concrete reason on his part for treating the share capital and share premium of Rs.2,93,80,000/- received by the assessee company from M/s. Lovely Suppliers Pvt. Ltd. as an unexplained cash credit u/s.68 of the Act. In sum and substance, we would not hesitate to observe that the A.O had utterly failed in pointing out as to on what basis the assessee's claim of having received the amount of share capital and share premium from the aforementioned share subscriber was to be dubbed as an unexplained cash credit u/s.68 of the Act.

11. Be that as it may, we find substance in the view taken by the CIT(Appeals) that now when the assessee in the course of the

assessment proceedings had by placing on record substantial documentary evidence, viz. share application form, bank statement of the share applicant company, PAN, return of income a/w. audited accounts of the share applicant company, memorandum of association, article of association, details of registration of the share applicants, balance sheet etc., had duly substantiated the identity and creditworthiness of the share subscriber viz. M/s. Lovely Suppliers Pvt. Ltd., as well as established the genuineness of the transaction of having received share capital and share premium from the said share subscriber, therefore, the primary onus that was cast upon it to prove the authenticity of the aforesaid transaction in question was duly discharged. As observed by the CIT(Appeals) and, rightly so, the A.O could not have summarily dislodged the aforesaid duly substantiated claim of the assessee of having received share capital and share premium from the aforementioned share subscriber company i.e without placing on record any such material which would irrefutably prove otherwise. Our aforesaid view is duly fortified by the Judgment of the Hon'ble High Court of Chhattisgarh in the case of Pawan Kumar Agrawal Vs. ITO, Ward-2(2), Bilaspur. In the aforesaid judgment, it was observed by the Hon'ble High Court

that once the assessee has discharged its onus by placing on record supporting documentary evidences, then the A.O is bound to issue notice u/s. 133(6) or 131 of the Act, failing which no adverse inferences qua the authenticity of the transaction in question could be drawn on its part. As a matter of fact, we find there is no whisper of any such material or evidence which would dislodge the aforesaid claim of the assessee of having raised genuine amount of share capital and share premium from the aforementioned share subscriber i.e. M/s. Lovely Suppliers Pvt. Ltd. In the case before us, it transpires that the source of source i.e. amount out of which the share subscriber company, viz. M/s. Lovely Suppliers Pvt. Ltd. had infused the amount towards share capital and share premium with the assessee company had duly been demonstrated by the assessee to have been funded out of the sale proceeds of certain investments of the aforesaid investor company.

12. Ostensibly, as can be gathered from the order of the CIT(Appeals) that the case of the share subscriber company i.e.M/s. Lovely Suppliers Pvt. Ltd. for the year under consideration i.e. A.Y.2014-15 had been assessed vide order passed u/s.143(3), dated 02.08.2017. Considering the aforesaid fact, we are of the considered

view that now when investment made by the aforesaid share subscriber company, viz. M/s. Lovely Suppliers Pvt. Ltd. had been accepted by the Department, therefore, the said fact further fortifies the claim of the assessee of having received genuine amount of share capital and share premium from the aforesaid subscriber. Alternatively, we find substance in the claim of the Ld. AR that now when the fact that the assessee company had received the amount in question towards share capital and share premium from M/s. Lovely Suppliers Pvt. Ltd., which is irrefutably evidenced on the basis of the material placed on record by the assessee in the course of the assessment proceedings, as well as evidenced by the fact that the said investment is duly reflected in the audited financial statement of the aforesaid investor company, then, in case the A.O had any doubt it was open to him to have made addition of the said amount in the hands of such share subscriber company. Our aforesaid view is fortified by the judgment of the Hon'ble Supreme Court in the case of Lovely Exports (P) Ltd. (supra) and that of the Hon'ble High Court of Chhattisgarh in the case of Venkateshwar Ispat (P) Ltd. (supra). Accordingly, on the basis of our aforesaid observations, we are of the considered view that as the assessee before us had by placing on

record substantial documentary evidence proved to the hilt the identity and creditworthiness of the share applicant, as well as the genuineness of its claim of having received share capital and share premium from the said share subscriber, therefore, in absence of any material proving to the contrary having been placed by the A.O, there was no justification on his part in dubbing the amount in question as an unexplained cash credit u/s.68 of the Act. We, thus, in terms of our aforesaid observations finding no infirmity in the view taken by the CIT(Appeals) who had rightly vacated the addition of Rs.2,93,80,000/- made by the A.O u/s.68 of the Act, upheld his order. Thus, the **Grounds of appeal No. (s) 1 to 6** raised by the revenue are dismissed in terms of our aforesaid observations.

13. We shall now advert to the grievance of the Revenue that the CIT(Appeals) had erred in law and facts of the case in vacating the disallowance made by the A.O u/s.14A r.w.r. 8D(2)(iii) of Rs.2,52,049/-. As stated by the Ld. AR, and rightly so, as the assessee company during the year under consideration had not received any exempt dividend income, therefore, no disallowance u/s.14A of the Act was called for in its hand. Our aforesaid view is fortified by the judgment of the Hon'ble Supreme Court in the case of

CIT Vs. Chettinad Logistics Pvt. Ltd. (2018) 257 Taxmann 2 (SC) and also of the Hon'ble High Court of Delhi in the case of Cheminvest Limited Vs. CIT, (2015) 378 ITR 33 (Delhi). Backed by the aforesaid judicial pronouncements, we are of the considered view that as per the settled position of law, in absence of any exempt income no disallowance u/s.14A could validly be made in the hands of an assessee. In the backdrop of the facts involved in the case before us r/w. the aforesaid settled position of law we find substance in the claim of the Ld. AR that now when the assessee company had not received any exempt dividend income during the year under consideration, therefore, no disallowance u/s.14A of the Act was warranted in its case. We, thus, finding no infirmity in the view taken by the CIT(Appeals) who had rightly vacated the addition of Rs.2,52,049/- made by the A.O u/s.14A r.w.r.8D(2)(iii) of the Act, upheld his order. Thus, the **Grounds of appeal No. (s) 7 to 15** raised by the revenue are also dismissed in terms of our aforesaid observations.

14. **Grounds of appeal No.(s) 16 & 17** being general in nature are dismissed as not pressed.

15. Resultantly, the appeal filed by the revenue is dismissed in terms of our aforesaid observations.

Order pronounced under rule 34(4) of the Appellate Tribunal Rules, 1963, by placing the details on the notice board.

Sd/-  
**ARUN KHODPIA**  
**(ACCOUNTANT MEMBER)**

Sd/-  
**RAVISH SOOD**  
**(JUDICIAL MEMBER)**

रायपुर/ RAIPUR ; दिनांक / Dated : 23<sup>rd</sup> September, 2022  
\*\*SB

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(Appeals)-1, Raipur (C.G)
4. The Pr. CIT-1, Raipur (C.G)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, रायपुरबेंच,  
रायपुर / DR, ITAT, Raipur Bench, Raipur.
6. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

निजी सचिव / Private Secretary  
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur.