

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

श्री महावीर सिंह, उपाध्यक्ष एवं श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER

आयकर अपीलसं./**ITA No.: 933/CHNY/2022**

निर्धारण वर्ष/Assessment Year: 2017-18

**Computer Age Management
Services Ltd.,**
Rayala Tower 1, III Floor,
158 Anna Salai,
Chennai – 600 002.

The ACIT,
vs. Large Taxpayer Unit-2,
Chennai.

PAN: AAACC 3035G

(अपीलार्थी/**Appellant**)

(प्रत्यर्थी/**Respondent**)

अपीलार्थी की ओर से/Appellant by

: Shri Lalith Kumar, CA

प्रत्यर्थी की ओर से/Respondent by

: Shri P. Sajit Kumar, JCIT

सुनवाई की तारीख/Date of Hearing

: 08.02.2023

घोषणा की तारीख/Date of Pronouncement

: 10.02.2023

आदेश /ORDER

PER MAHAVIR SINGH, VICE PRESIDENT:

This appeal by the assessee is arising out of the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi in Appeal No.CIT(A), Chennai -17/10564/2019-20 dated 05.09.2022. The assessment was framed by the ACIT, LTU-2, Chennai u/s.143(3) of the Income Tax Act, 1961 (hereinafter the 'Act') for the assessment year 2017-18 vide order dated 19.12.2019.

2. The only issue in this appeal of assessee is as regards to the disallowance of expenses relatable to exempt income by invoking the provisions of section 14A r.w.s.8D of the Income Tax Rules, 1962 i.e., Rule 8D(2)(iii) of the Rules at Rs.1,50,66,123/- as against suo motto disallowance made by assessee at Rs.34,08,342/-. For this, assessee has raised various grounds, which need not be reproduced because those are argumentative.

3. We have heard rival contentions and gone through the facts and circumstance of the case. Admitted facts are that the assessee has earned exempt income at Rs.11.47 lakhs and claimed the same as exempt in the computation of total income. The AO noted that the assessee suo motto calculated disallowance u/s.14A r.w.rule 8D of the Rules, a sum of Rs.34,08,342/-. The AO not satisfied with the correctness of the assessee's claim of disallowance of expenses relatable to exempt income at RS.34,08,342/-, he made disallowance under Rule 8D(2)(iii) at Rs.1,84,74,465/-, after allowing rebate of suo-motto disallowance of Rs.34,08,342/- he made balance disallowance of Rs.1,50,66,123/-. Aggrieved, assessee preferred appeal before CIT(A).

4. The CIT(A) confirmed the action of AO and confirmed the addition of Rs.1,50,66,123/- apart from suo-motto disallowance made by assessee at Rs.34,08,342/-. Aggrieved, now assessee came in appeal before the Tribunal.

5. We note the facts and admitted facts are that the assessee earned exempt income at Rs.11.47 lakhs as against which he himself computed the disallowance of expenses under Rule 8D(2) at Rs.34,08,342/-. This issue is no res integra now and settled by Hon'ble Supreme Court in the case of Maxopp Investment Ltd., vs. CIT, (2018) 402 ITR 640 (SC), wherein it is held that the disallowance under Rule 8D of the Income Tax Rules is to be restricted to the extent of exempt income. But in the present case, the assessee has suo-motto disallowed a sum of Rs.34,08,342/- which is more than the exempt income. Hence, we restrict the disallowance at Rs.34,08,342/- and delete the balance addition of Rs.1,50,66,123/- made by the AO and confirmed by the CIT(A).

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

Order pronounced in the open court on 10th February, 2023 at Chennai.

Sd/-

(मनोज कुमार अग्रवाल)

(MANOJ KUMAR AGGARWAL)

लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-

(महावीर सिंह)

(MAHAVIR SINGH)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 10th February, 2023

RSR

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.