

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

**BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER, AND  
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

**ITA No. 2850/DEL/2022  
[Assessment Year: 2017-18]**

The Dy. C.I.T.  
Central Circle - 1  
New Delhi

Vs.

Blue Coast Hotels Ltd  
415 - 417, Antriksh Bhawan  
22, Kasturba Gandhi Marg  
New Delhi

PAN : AAACM 0037 G

[Appellant]

[Respondent]

**Date of Hearing : 08.06.2023  
Date of Pronouncement : 12.06.2023**

Assessee by : Ms. Akansha Birla, CA  
Revenue by : Ms. Parmita M. Biswas, CIT- DR

**ORDER**

**PER N.K. BILLAIYA, ACCOUNTANT MEMBER,**

This appeal by the Revenue is preferred against the order of the Commissioner of Income Tax [Appeals], New Delhi-23 dated 06.09.2022 pertaining to assessment year 2017-18.

2. The sum and substance of the grievance of the Revenue is that the Id. CIT(A) erred in restricting the disallowance u/s 14A r.w.r 8D of the Act to Rs. 99,693/- against disallowance of Rs. 2,31,39,000/- made by the Assessing Officer.

3. Briefly stated, the facts of the case are that during the scrutiny assessment proceedings, the Assessing Officer noticed that the assessee has earned dividend from investments and invoking provisions of section 14A r.w.r 8D, the Assessing Officer computed the disallowance at Rs. 2,31,39,000/-.

4. Addition was challenged before the Id. CIT(A) and it was strongly contended that during the year under consideration, the assessee has earned dividend amounting to Rs. 99,693/- only.

5. Referring to various judicial decisions, the Id. CIT(A) was of the opinion that the disallowance u/s 14A r.w.r.r 8D cannot exceed the exempt income and, accordingly, directed the Assessing Officer to restrict the dividend to Rs. 99,693/-.

6. Before us, the Id. DR strongly supported the findings of the Assessing Officer.

7. Per contra, the ld. counsel for the assessee reiterated what has been stated before the lower authorities.

8. We have carefully perused the orders of the authorities below. The undisputed fact is that total exempt income during the year under consideration is Rs. 99,693/-. Therefore, the ratio laid down by the Hon'ble Jurisdictional High Court of Delhi in the case of Caraf Builders & Constructions [P] Ltd 414 ITR 122 squarely applies wherein the Hon'ble High Court has held that the disallowance u/s 14A of the Act cannot exceed the exempt income. We, therefore, decline to interfere.

9. In the result, the appeal filed by the Revenue in ITA No. 2850/DEL/2022 is dismissed.

**The order is pronounced in the open court on 12.06.2023.**

Sd/-

**[ANUBHAV SHARMA]  
JUDICIAL MEMBER**

Sd/-

**[N.K. BILLAIYA]  
ACCOUNTANT MEMBER**

Dated: 12<sup>th</sup> JUNE, 2023.

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,  
ITAT, New Delhi

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