

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI
श्री वी दुर्गा राव न्यायिक सदस्य एवं श्री जी. मंजुनाथा, लेखा सदस्य के समक्ष
Before Shri V. Durga Rao, Judicial Member &
Shri Manjunatha, G. Accountant Member

आयकर अपील सं./I.T.A. Nos.221 & 222/Chny/2023
निर्धारण वर्ष/Assessment Year: 2015-16 & 2018-19

M/s. BGR Energy Systems Limited,
No. 443, Anna Salai, Guna Complex,
Teynampet, Chennai 600 018.

Vs. The Assistant Commissioner of
Income Tax,
Central Circle 3(1),
Chennai 600 034.

[PAN:AABCG2202J]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

आयकर अपील सं./I.T.A. Nos.277 & 278/Chny/2023
निर्धारण वर्ष/Assessment Year: 2015-16 & 2018-19

The Deputy Commissioner of
Income Tax,
Central Circle 3(1),
Chennai 600 034.

Vs. M/s. BGR Energy Systems Limited,
No. 443, Anna Salai, Guna Complex,
Teynampet, Chennai 600 018.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

Assessee by : Ms. T. Sandhyaarti, FCA
Department by : Shri AR V Sreenivasan, Addl. CIT
सुनवाई की तारीख/ Date of hearing : 19.07.2023
घोषणा की तारीख /Date of Pronouncement : 26.07.2023

आदेश /ORDER

PER BENCH:

These cross appeals filed by the assessee as well as Revenue are directed against the consolidated order of the Id. Commissioner of Income

Tax (Appeals) 18, Chennai, dated 22.12.2022 relevant to the assessment years 2015-16 and 2018-19.

2. The first common ground raised in both the appeals of the assessee relates to confirmation of addition made towards disallowance of warranty obligation. The assessee has made provision of ₹.87,80,000/- and ₹.₹.3,17,00,000/- for the assessment years 2015-16 and 2018-19 towards 'warranty obligation' on the products supplied by the assessee company and debited the same to the profit and loss account. After considering the submissions of the assessee, the Assessing Officer has held that the provision for future warranty, as an unascertained liability, is not allowable under section 37 of the Income Tax Act, 1961 ["Act" in short] and accordingly, disallowed the claim of warranty and brought to tax for both the assessment years. On appeal, the Id. CIT(A) confirmed the disallowance made by the Assessing Officer for both the assessment years.

3. On being aggrieved, the assessee is in appeal before the Tribunal.

4. When the appeal was taken up for hearing, the Id. DR has submitted that the issue has been considered by the ITAT in assessee's own case for earlier assessment years and decided the issue against the

assessee. On the other hand, the Id. Counsel for the assessee has fairly conceded that the issue has been decided by the ITAT in favour of the Revenue and it was also submitted that the assessee has preferred further appeal before the Hon'ble Madras High Court for earlier assessment year.

5. We have heard both the sides, perused the materials available on record and gone through the orders of authorities below. Against the disallowance of warranty obligation made by the Assessing Officer, the assessee preferred appeals for both the assessment years before the Id. CIT(A). By following the decision of the ITAT in assessee's own case in I.T.A. Nos. 71 & 72/Chny/2021 dated 21.09.2022 for the assessment years 2016-17 & 2017-18, the Id. CIT(A) dismissed the ground raised by the assessee. We have perused the case law, wherein, in assessee's own case, the Coordinate Benches of the Tribunal has observed and held as under:

5. We have heard both the parties and the relevant portion of the order of the Id. CIT(A) is extracted as under:

"7. I have gone through the facts of the case. The appellant had claimed provision for warranty towards warranty obligation in respect of the product supplied by the company. The AO has disallowed the claim on the ground that the claim is only a contingent liability and is not actual expenditure incurred while earning the income, as deduction cannot be claimed merely by booking an entry in the books of account. The Hon'ble Supreme Court in the case of Rotork Controls India (P) Ltd. Vs Commissioner of Income Tax (2009) 180 Taxman 422 has laid down certain fundamental yardsticks as to

the allowability of liability on account of warranty provision as business expenditure and those yardsticks include as to whether the taxpayer has a present obligation as a result of the past event; whether it is probable that an outflow of resources would be required to settle such obligation and whether a reliable estimate could be made of the amount of such obligation. The Hon'ble Apex Court has said that no provision can be recognized if these yardsticks stipulations are not met.

7.1 *The appellant was asked to produce details regarding the movement of provision of warranty and the AR has furnished the following details for both the AYs as under:*

S.No.	A.Y	Turnover	Opening balance	Add; Provision made during the year	Less: Provision utilized	Less: Ind AS adj	Less: Provision reversed	Closing balance
1.	AY 2014-15	3,29,560	2,230.00	485.00	(109.00)		(8.00)	2,598.00
2.	AY 2015-16	3,36,500	2,598.00	536.00	(105.00)		(520.00)	2,509.00
3.	AY 2016-17	3,18,789	2,509.00	345.00		(303.00)	(10.00)	2,844.00
4.	AY 2017-18	3,39,994	2,844.00	321.00	(13.00)			2,849.00
5.	AY 2018-19	3,25,625	2,849.00	317.00	(19.00)		(1,227.00)	1,920.00
6.	AY 2019-20	3,19,363	1,920.00	402.00	(5.00)		(284.00)	2,033.00

7.2 *The perusal of the above table shows hardly any amount of warranty provision is being used for any of the years. In fact, the provision is getting accumulated every year. The provisions made do not have any correlation to the requirement of utilization for obligation. In fact the appellant has been constantly and regularly reversing the provisions so made implying thereby that the provisions made have been purely on the basis of outlier estimate that has no relation to the obligation of the past events that calls for outlay of funds for obligation towards past events. In fact the provision created by the appellant is unscientific and is grossly exaggerated. Thus it is very clear that the provision made has only been a contingent liability and is not allowable as business expenditure.*

7.3 *It is further noticed that similar issue had been the subject of appeal proceedings for A Y 2010-11 and as well as earlier years; the assessee had claimed a provision for warranty towards warranty obligation on the product supplied by the assessee company debiting the same under the head selling and warranty expenses; the AO had disallowed the same holding that the provision was towards contingent liability and that a deduction cannot be claimed merely by making an entry in the books of accounts. The CIT(A) had allowed this claim for earlier years. However on appeal, the Hon'ble [TAT, Chennai had held that this was a provision and not an expenditure already incurred.*

7.4 The ITAT, Chennai had upheld the disallowance with regard to provision for warranty vide its order ITA Nos.261 & 262/Chny/2018 dated 2^o January, 2019.

"During the course of hearing, Ms. Jharna B. Harilal, the Ld. representative for the assessee, very fairly submitted that this issue was examined for the very same assessment years by the Hyderabad Bench of this Tribunal in IT.A. Nos.1513/Hyd/11 and IT.A. No.985/Hyd/12 and decided the issue against the assessee. 3 LT.A. Nos.261 & 262/Chny/18 LT.A. Nos.472 & 473/Chny/18 C.O. Nos. 74 & 75/Chny/18. 5. We heard Shri S. Bharath, the Ld. Departmental Representative also. As rightly submitted by the Ld. representative for the assessee, the Hyderabad Bench of this Tribunal in the assessee's own case for the very same assessment years found that the provision for warranty cannot be allowed. In fact, the Hyderabad Bench in para 29 of its order dated 05.09.2013 observed as follows:

We heard both sides and perused the material available on record. We are of the considered opinion that this item of disallowance, viz. warranty 'provision, is merely a provision and not an expenditure already incurred and laid out for the purpose of business. Unless the liability for such expenditure crystallises, assessee is not entitled to claim for deduction in respect of such expenditure. The CIT(A) has not given any valid reason for substantiating his finding, while allowing the claim of the assessee. We accordingly, set aside the impugned order of the CIT(A), and restore the disallowance made by the Assessing Officer in this behalf. Revenue 's ground on this issue is allowed." 6. In view of the above, this Tribunal do not find any reason to interfere with the order of the lower authority and accordingly the same is confirmed".

7.5 *After careful consideration of the facts of the case on the issue for the impugned AYs under consideration and keeping the Tribunal's decision the identical situation in the appellant's own case, I hold that there is no infirmity in the decision of the AO in disallowing the warranty provision. The appellant's prayer in excluding the disallowed warranty provisions while working at book profit is untenable in view of Explanation l(c) to Sec. 115JB. Accordingly, the appellant's grounds connected to this issue are dismissed."*

6. *Respectfully following the decision of the Coordinate Benches of the Tribunal in assessee's own case for the assessment year 2008-09 and 2009-10, the ld. CIT(A) has decided the issue against the assessee. Thus, we find no infirmity in the order passed by the ld. CIT(A) on this issue. The contention of the ld. Counsel for the assessee that the appeal against the orders of the*

Tribunal in earlier years before the Hon'ble Madras High Court is pending, has no bearing, since the decision of the Tribunal has not been reversed or modified. Accordingly, the ground raised by the assessee is dismissed.

6. Before the Tribunal, the Id. Counsel for the assessee could not controvert the above decision of the Tribunal by filing higher Court's decision having reverted or modified the order of the Tribunal. Respectfully following the above decision of the Tribunal, the Id. CIT(A) has dismissed the ground raised by the assessee. Thus, we find no infirmity in the order passed by the Id. CIT(A) on this issue. Accordingly, the ground is dismissed for both the AYs 2015-16 and 2018-19.

7. The next common ground raised in both the appeals of the assessee relates to confirmation of interest on advances to subsidiaries. On examination of the details/documents available and submission filed by the assessee company, the Assessing Officer has observed that the assessee had given loans and advances to its subsidiary company and related parties without charging any interest on the outstanding loans receivable from subsidiary companies and related parties, whereas, the source of said loan and advances was not from the accumulated profit and shareholders fund, but, from the borrowed fund for which huge amount of interest was paid and debited to the profit and loss account. Against specific query raised, it was the submission before the Assessing Officer that the assessee has granted interest free unsecured loans to

group companies, which are in the same line of business for the purpose of trade and out of internally generated resources and therefore, the assessee has not charged any interest on the advances. After considering the submissions of the assessee and in view of the provisions of under section 40A(2)(a) of the Act, the Assessing Officer has observed that the source of the loan and advances given was from borrowed fund and the assessee has debited huge interest to its profit and loss account, the interest shall be chargeable on the loans/advances at the rate of 11% per annum. Since the advances are made over a period, the Assessing Officer was of the opinion that the interest shall be charged on the average of the outstanding balance and determined the interest at ₹.2,38,97,371/- for the assessment year 2015-16 and ₹.50,38,000/- for the assessment year 2018-19 and disallowed the same under section 36(1)(iii) of the Act. On appeal, the Id. CIT(A) confirmed the disallowance made by the Assessing Officer for both the assessment years.

8. On being aggrieved, the assessee is in appeal before the Tribunal.

9. The Id. DR has submitted that the issue has been considered by the ITAT in assessee's own case for earlier assessment years and decided against the assessee. On the other hand, the Id. Counsel for the assessee has fairly conceded that the issue has been decided by the

ITAT in favour of the Revenue and it was also submitted that the assessee has preferred further appeal before the Hon'ble Madras High Court for earlier assessment year.

10. We have heard both the sides, perused the materials available on record and gone through the orders of authorities below. Against the disallowance of warranty obligation made by the Assessing Officer, the assessee preferred appeals for both the assessment years before the Id. CIT(A). By following the decision of the ITAT in assessee's own case in I.T.A. Nos. 71 & 72/Chny/2021 dated 21.09.2022 for the assessment years 2016-17 & 2017-18, the Id. CIT(A) dismissed the ground raised by the assessee. We have perused the case law, wherein, in assessee's own case, the Coordinate Benches of the Tribunal has observed and held as under:

10. We have heard both the parties and the relevant portion of the order of the Id. CIT(A) is extracted as under:

Decision on addition/disallowance of Interest on loans and advances to subsidiaries/related parties (A.Y.2016-17 & 2017-18)

8. During the assessment proceedings, on examination of the details/documents available the AO noticed that the assessee has given loans and advances to its subsidiary company and related parties, details of which are as under:

A.Y. 2016-17

<i>S.No.</i>	<i>Name of subsidiary company/ related parties</i>	<i>Shown under the head in Balance Sheet</i>	<i>Balance as on 31.03.2015 (Rs.)</i>	<i>Balance as on 31.03.2016 (Rs.)</i>
<i>1.</i>	<i>M/s. Progen Systems and Technologies Ltd.</i>	<i>Long term loans and advances</i>	<i>5,57,42,454</i>	<i>Nil</i>
<i>2.</i>	<i>M/s. Cuddalore Power Company Limited</i>	<i>Long term loans and advances</i>	<i>6,71,14,504</i>	<i>6,71,14,504</i>

3.	M/s. Nannilam Property	Short term loans and advances	5,07,93,000	5,07,93,000
4.	M/s. Progen Systems and Technologies Ltd.	Short term loans and advances	2,65,05,000	Nil
	Total		20,01,54,958	11,79,07,504
	Average of loan/advances ₹31,80,62,462 (₹20,01,54,958 + ₹11,79,07,504)/2 = ₹15,90,31,231/-			

A.Y. 2017-18

S.No.	Name of subsidiary company/ related parties	Shown under the head in Balance Sheet	Balance as on 31.03.2016 (Rs.)	Balance as on 31.03.2017 (Rs.)
1.	M/s. Cuddalore Power Company Limited	Long term loans and advances	6,71,14,504	Nil
2.	M/s. Nannilam Property Private Ltd.	Short term loans and advances	5,07,93,000	4,57,93,000
	Total		11,79,07,504	4,57,93,000
	Average of loan/advances (₹11,79,07,504 + ₹4,57,93,000)/2 = ₹8,18,50,252			

8.1 Further it was noticed by the AO that the assessee company has not charged any interest on the outstanding loans receivable from subsidiary companies and related parties, whereas source of said loan and advances was not from the accumulated profit and shareholders fund but from the borrowed fund for which huge amount of interest was paid and debited to the Profit and Loss Account. The AO questioned the same to the appellant and the appellant furnished the explanation as under:

The company has granted interest free unsecured loans to Progen Systems and Technologies Ltd (Subsidiary Company) and Cuddalore Power Gen Company Ltd. The average outstanding balance during the assessment year 2016-17 is Rs. 1590.31 lakhs. The above companies are in the same line of business. The advances are given for the purpose of trade and out of internally generated resources. Hence, the company had not charged interest on these advances.

8.2 The AO did not accept the explanation given by the assessee and made the additions observing as under:

"The explanation of by the Authorised Representative of the assessee company cannot be accepted in view of the provisions of u/s 404(2)(a) of I.T. Act, particularly when the source of the loan and advances given was from borrowed fund and the assessee company has debited huge interest to its Profit and Loss A/c. Therefore, it is held that interest shall be charged on the loans/ advances made to the three concerns referred above, at the rate of 11 % per annum which is the rate of interest paid to banks by the assessee on the funds borrowed by it. Since the advances are made over a period of time, it is concluded that interest shall be charged on the average outstanding balance. Therefore, interest on the average outstanding of Rs. 15,90,31,231 works out @ 11% per annum is Rs. 1,75,93,435/- for A.Y. 2016-17 and interest on the average outstanding of Rs.8,18,50.252 @ 11% per annum works out to Rs.90,03,527/- for A.Y: 2017-18 which is treated as income as interest on advances made to the subsidiary company and related parties and the same is added back to the income of the assessee,

Thus the AO had made addition of Rs. 1,75.93,435/- for A.Y. 2016-17 and Rs. 90,03,527/- for A.Y. 2017-18 towards Interest on Loan/ advance given to subsidiary companies and related parties.

8.1 The AR during the appeal proceedings filed written submissions as under. Since the submissions are identical, the submission for one A.Y. 2016-17 is extracted as under:

“Appellant's Submissions:

The appellant company claims that it is allowable on the following grounds:-

The appellant company is continuously making profit and has accumulated reserves. The advances are made out of reserves and not out of any loans availed by the company.

Cuddalore Power Company Limited is in the process of setting up of Thermal Power Plant in Cuddalore, Tamil Nadu. Construction of Power Plant is the important business of the appellant company.

The advance given to the M/s. Cuddalore Power Company Limited a group company of Ms BGR Energy Systems ltd and M/s. Nanilam Property a group company of M/s BGR Energy Systems Ltd are in the nature of trade advances and for commercial expediency and not for otherwise.

The Supreme Court in S.A. Builders Ltd vs. CIT (2007) 158 Taxman 74 (SC), held that "a holding company has a deep interest in its subsidiary, and hence if the holding company advances borrowed money to a subsidiary and the same is used by the subsidiary for some business purpose, the assessee would, in our opinion, ordinarily entitled to deduction of interest on its borrowed loans ... "Refer this APB pages 102 to 106.

Further in CIT vs. Bharti Televentures Ltd (2011) 331 ITR 502 (Delhi) held that "No direct nexus between borrowed funds and advances, sources of advances explained and assessee having adequate non-interest bearing funds at relevant time. Advances to subsidiaries fund to be made for business consideration. Onus to prove commercial expediency discharged Deduction of interest allowable u/s 36(1)(iii) of the Income tax act. Refer this APB pages 107 to 110.

The appellant company also relied on the decisions of Hon'ble Bombay High Court in Commissioner of Income Tax-7 vs. Reliance Communication Infrastructure Ltd [2012] 21 taxmann.com 118 (Bom) Refer this APB pages 111 to 118 and Hon'ble Chennai Income tax Appellate Tribunal in the case of Assistant Commissioner of Income tax, Circle 1(1), Chennai vs. Apollo Hospitals Enterprises Ltd (2012) 25 taxman.com 223 (Chennai) which held no interest disallowance of surplus is advanced to sister concern Refer this APB pages 119 to 124.

9. I have gone through the facts of the case. The appellant had made similar submissions in respect of the identical disallowance for all earlier years. In this regard, it is noted here that the disallowance made for the earlier A Ys have been upheld by the Ld. CIT(A) as well as the Hon. ITAT. The appellant had not pressed this ground before the Hon'ble ITAT in respect of AYs. 2008-09 and 2009-10 as is evident in Hon'ble ITAT in its order in ITA No. 261 & 262/CHNY/2018 dated 02.01.2019. The ITAT had dismissed the issue with regard to interest on advance to

subsidiary companies as 'not pressed'. The facts of this issue have not changed as the business exigency of advancing loan to sister concerns has not been demonstrated by the appellant and hence the claim has been already been disallowed by the Hon'ble ITAT and the first appellate authority. The appellant accepted identical disallowance before the first appellate authority for the A.Y. 2010-11 and the appellant had not agitated it before the Hon'ble ITAT. Similar is the situation with reference to the AY 2011-12 & 2012-13 under identical set of facts and circumstances. The absence of any commercial expediency for AY 2010-11 cannot be resurrected for subsequent AYs that too when the appellant has not demonstrated any material change in facts. In fact, it is pertinent to note that the AR of the appellant did not press the grounds before the undersigned during the appeal proceedings for the A Y 2016-17 vide order sheet noting dated 16.3.2020. In view of the foregoing and keeping in view the judicial discipline and precedent, I am of the view that there is no infirmity in the decision of the AO in disallowing Rs.1,75,93,435/- for A.Y. 2016-17 and Rs. 90,03,527- for A.Y. 2017-18. The appellant's grounds connected to this issue are dismissed.

11. Respectfully following the decision of the Coordinate Benches of the Tribunal in assessee's own case for the assessment year 2008-09 and 2009-10, the ld. CIT(A) has decided the issue against the assessee. Thus, we find no infirmity in the order passed by the ld. CIT(A) on this issue. The contention of the ld. Counsel for the assessee that the appeal against the orders of the Tribunal in earlier years before the Hon'ble Madras High Court is pending, has no bearing, since the decision of the Tribunal has not been reversed or modified. Accordingly, the ground raised by the assessee is dismissed.

11. Before the Tribunal, the Id. Counsel for the assessee could not controvert the above decision of the Tribunal by filing higher Court's decision having reverted or modified the order of the Tribunal. Respectfully following the above decision of the Tribunal, the Id. CIT(A) has dismissed the ground raised by the assessee. Thus, we find no infirmity in the order passed by the Id. CIT(A) on this issue. Accordingly, the ground is dismissed for both the AYs 2015-16 and 2018-19.

12. Coming to Revenue's appeals, the only common ground raised in its appeals relates to deletion of addition made towards disallowance

under section 14A of the Act of ₹.13,66,98,131/- and ₹.3,64,09,014/- for assessment years 2015-16 and 2018-19 respectively. On examination of the books of accounts, details and documents of the assessee, the Assessing Officer noted that the assessee has not made disallowance as per provisions of section 14A of the Act under Rule 8D(2), whereas, the Auditor in the audit report under section 44AB of the Act in Form No. 3CD has certified that the amount of ₹.13,66,98,131/- for the AY 2015-16 and ₹.3,64,09,014/- for AY 2018-19 are to be disallowed under section 14A under Rule 8D(2). When questioned, before the Assessing Officer the assessee has submitted that the exempt income earned during the assessment years 2015-16 and 2018-19 amounts to ₹.23,749/- and ₹.83,820/- respectively, which was received from the investments with Indian Bank and SBI mutual funds. It was further submitted that the company holds 13,970 shares in Indian Bank and the same was invested by the company in the FY 2006-07 out of retained earnings. The company invested in SBI Mutual Funds during the FY 2005-06. The assessee has further submitted that no expenditure has been debited to profit and loss account having either direct or indirect nexus with the exempt income. After considering the submissions of the assessee, by applying the provisions of section 14A r.w.s. Rule 8D(2), the Assessing Officer disallowed ₹.13,66,98,131/- and ₹.3,64,09,014/- for the assessment years

2015-16 and 2018-19 respectively and brought to tax. On appeal, by following the various decisions, the Id. CIT(A) directed the Assessing Officer to restrict the disallowance to the extent of exempt income earned for both the assessment years under appeal.

13. Aggrieved, the Revenue is in appeal before the Tribunal for both the assessment years.

14. We have heard the rival contentions, perused the materials available on record and gone through the orders of authorities below including various case law filed in the form of paper book. The exempt income earned during the assessment years 2015-16 and 2018-19 amounts to ₹.23,749/- and ₹.83,820/- respectively. However, by applying the provisions of section 14A r.w.s. Rule 8D(2), the Assessing Officer disallowed ₹.13,66,98,131/- and ₹.3,64,09,014/- for the assessment years 2015-16 and 2018-19 respectively. On appeal, by following various decisions including the decision in the case of Hon'ble Delhi High Court in the case of Joint Investment P. Ltd. v. CIT, the Id. CIT(A) directed the Assessing Officer to restrict the disallowance under section 14A of the Act to the extent of exempt income earned for both the AYs under appeal.

15. The contention of the assessee is that the disallowance made

under section 14A of the Act should not be in excess of the exempted income of the relevant assessment years. Similar issue was subject matter in appeal before the Hon'ble Jurisdictional High Court in the case of PCIT v. Envestor Venture Ltd. [2021] 431 ITR 221 (Mad) and while affirming the order of the Tribunal, the Hon'ble High Court has observed and held as under:

“The disallowance, under section 14A of the Income-tax Act, 1961 read with rule 8D of the Income-tax Rules, 1962 of the expenditure incurred to earn exempted income has to be computed in accordance with rule 8D of the Rules, which in essence stipulates that the expenditure directly relatable to the earning of such exempted income, can alone be disallowed under section 14A of the Act. The assessing authority has to mandatorily record his satisfaction that the proportionate disallowance of expenditure under section 14A of the Act as made by the assessee is not satisfactory and therefore, the same is liable to be rejected for such cogent reasons as specified and thereafter, the computation method under rule 8D can be invoked to compute the quantum of disallowance. It is well-settled that the Rules cannot go beyond the main parent provision. Therefore, what has been provided as computation method in rule 8D cannot go beyond the roof limit of section 14A itself under any circumstances.

Held, that the Tribunal was right in restricting the disallowance under section 14A of the Act to the extent of exempt income earned during the previous year relevant to the assessment year 2015-16.”

16. By referring to various case law including the decision in the case of Joint Investments Private Ltd. v. CIT [2015] 372 ITR 694 (Delhi), the decision in the case of Maxopp Investment Ltd. v. CIT [2018] 402 ITR 640 (SC), the Hon'ble Jurisdictional High Court has held that the disallowance under section 14A of the Act should be restricted to the extent of exempt income earned during the previous year. By following various decisions including the decision in the case of Hon'ble Delhi High Court in the case

of Joint Investment P. Ltd. v. CIT(supra), the Id. CIT(A) has correctly directed the Assessing Officer to restrict the disallowance under section 14A of the Act to the extent of exempt income earned for both the AYs under appeal. Thus, we find no reason to interfere with the order passed by the Id. CIT(A). Accordingly, the ground raised by the Revenue is dismissed for both the assessment years under appeal.

17. In the result, the appeals filed by the assessee as well as Revenue are dismissed.

Order pronounced on 26th July, 2023 at Chennai.

Sd/-
(MANJUNATHA, G.)
ACCOUNTANT MEMBER

Sd/-
(V. DURGA RAO)
JUDICIAL MEMBER

Chennai, Dated, 26.07.2023

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to: 1. अपीलार्थी/Appellant, 2. प्रत्यर्थी/ Respondent,
3. आयकर आयुक्त/CIT, 4. विभागीय प्रतिनिधि/DR & 5. गार्ड फाईल/GF.