

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "A", MUMBAI**

BEFORE SHRI NARENDRA KUMAR BILLAIYA, HON'BLE ACCOUNTANT MEMBER

AND

SHRI SANDEEP SINGH KARHAIL, HON'BLE JUDICIAL MEMBER

ITA NO. 315/MUM/2024 (A.Y: 2020-21)

ACIT – Central Circle – 6(4) Room No. 1925, 19 th Floor Air India Building, Nariman Point Mumbai – 400021	v.	M/s. Anant Raj Limited E-2, Ara Centre Jhandewalan Extention New Delhi – 110055 PAN: AABCA3972B
(Appellant)		(Respondent)

Assessee Represented by	:	Shri Sudesh Garg
Department Represented by	:	Shri Mirza Azhar Beig
Date of conclusion of Hearing	:	22.05.2024
Date of Pronouncement	:	22.05.2024

ORDER

PER NARENDRA KUMAR BILLAIYA (AM)

1. This appeal by the revenue is preferred against order of the Learned Commissioner of Income-Tax (Appeals) – 54, Mumbai [hereinafter in short "Ld. CIT(A)"] dated 04.12.2023 pertaining to A.Y.2020-2021.

2. The sum and substance of the grievance of the revenue is that the Ld. CIT(A) erred in deleting the addition made under section 14A of Income-tax Act, 1961 (in short "Act") ignoring the clarificatory Explanation of disallowance under section 14A(1) inserted vide the Finance Act, 2022 wherein it has been mentioned that the provisions of section 14A shall apply and shall be deemed to have always applied even in a case when exempt income has not accrued or arisen or has not been received during the previous year but expenditure has been incurred during the said previous year in relation to earning of such exempt income.

3. The facts of the case in hand are that during the year under consideration the assessee did not earn any income claimed exempt from tax. Therefore, assessee strongly contended that no disallowance need to be made under section 14A of the Act. Whereas the case of the revenue revolves around the Explanation introduced to Section 14A of the Act vide the Finance Act, 2022. The Hon'ble Delhi High Court in the case of Era Infrastructure (India) Ltd., [141 taxmann.com 289] has held that the application of the said Explanation to be prospective in nature effective from 01.04.2022. Therefore, respectfully following the decision of the Hon'ble Delhi High Court, no disallowance could be made under

section 14A of the Act if there is no exempt income earned during the year under consideration, we decline to interfere with the findings of the Ld. CIT(A).

4. In the result, appeal filed by the revenue is dismissed.

Order pronounced in the open court on 22nd May, 2024.

Sd/-
(SANDEEP SINGH KARHAIL)
JUDICIAL MEMBER

Mumbai / Dated 22.05.2024
Giridhar, Sr.PS

Sd/-
(NARENDRA KUMAR BILLAIYA)
ACCOUNTANT MEMBER

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER

(Asstt. Registrar)
ITAT, Mum