

IN THE INCOME TAX APPELLATE TRIBUNAL “B” BENCH, KOLKATA
[Before Shri Sanjay Garg, JM & Shri Rajesh Kumar, AM]

I.T.A. No. 932/Kol/2024
Assessment Year: 2018-19

The Calcutta Stock Exchange Ltd. Stock Exchange Building, 7 Lyons Range, Kolkata-700001. (PAN: AABCT8138N)	Vs.	Assessing Officer, National e- Assessment Centre, Delhi. (Assessing Officer, Circle-4(1), Kolkata)
Appellant		Respondent

Date of conclusion of Hearing	25.07.2024
Date of Pronouncement	12.09.2024
For the Assessee	Shri S. Bhattacharya, AR
For the Respondent	Shri P. P. Barman, Addl. CIT, Sr. DR

ORDER

Per Shri Rajesh Kumar, AM

This appeal filed by the assessee is against the order of Ld. CIT(A), National Faceless Appeal Centre (NFAC), Delhi dated 15.04.2024 for AY 2018-19.

2. The only issue raised by the assessee was against the order of Ld. CIT(A) confirming the disallowance of rs.11,54,278/- u/s. 14A of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) thereby uploading the assessment order passed by the AO dated 05.04.2021.

3. Brief facts are that the assessee is a Stock Exchange and has three types of investments, the details whereof are available at page 4 of the paper book viz., investment in (i) SBI FMP, (ii) investment in mutual fund under Growth Option Scheme and (iii) investment in mutual fund yielding dividend income. We find that the investments made in SBI FMP and mutual fund in growth option were not considered by computing the disallowance u/s. 14A of the Act as the same were not supposed to yield any exempt income in view of the nature of the investments itself and only the investment in mutual fund have yielded dividend income during the year. The assessee accordingly computed the disallowance at Rs.5,02,917/- at 1% of the average annual investments. Though the case was not represented before the authorities below but on the basis of facts before us, we find that the disallowance as computed by the assessee of Rs.5,02,917/- relating to earning of exempt income which does not form part of the total income of the assessee has been correctly mad and added to the income, therefore, the disallowance as computed by the AO

and confirmed by the Ld. CIT(A) is defective and cannot be sustained. Accordingly, we set aside the order of AO and direct the AO to delete the disallowance made by the AO of Rs.11,54,278/- which was calculated by the AO by considering all types of investments which were not supposed to yield any exempt income. Therefore, the appeal of the assessee is allowed.

4. In the result, the appeal of the assessee is allowed.

Order is pronounced in the open court on 12th September, 2024

Sd/-
(Sanjay Garg)
Judicial Member

Sd/-
(Rajesh Kumar)
Accountant Member

Dated: 12th September, 2024

JD, Sr. PS

Copy of the order forwarded to:

1. Appellant–
2. Respondent .
3. CIT(A), NFAC Delhi
4. CIT,
5. DR, ITAT, Kolkata,
True Copy

By Order

Assistant Registrar
ITAT, Kolkata Bench, Kolkata