

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'C' BENCH  
MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER  
&  
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER  
ITA No.575/Mum/2024  
(Assessment Year :2016-17)**

360 One Portfolio Managers Limited (earlier known as IIFL Wealth Portfolio Managers Limited and IIFL Alternate Asset Advisors Limited) IIFL center, Kamala City, Senapati Bapat Marg Lower Parel West Mumbai-400 013	Vs.	ACIT, Circle 6(3)(1) Mumbai
<b>PAN/GIR No.AACCI7485C</b>		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

Assessee by	Shri Pritesh Mehta
Revenue by	Shri Amol Kirtane
<b>Date of Hearing</b>	<b>22/10/2024</b>
<b>Date of Pronouncement</b>	<b>30/10/2024</b>

**आदेश / O R D E R**

**PER AMIT SHUKLA (J.M):**

The aforesaid appeal has been filed by the assessee against order dated 22/12/2023 passed by NFAC, Delhi for the quantum of assessment passed u/s.143(3) for the A.Y.2016-17.

2. The only grievance raised in various grounds of appeal is disallowance of 14A with Rule 8D of Rs.18,39,64,888/-.

3. The brief facts are that Assessee Company is in the business of managing and advising various classes of assets including financial products, structured products, real estate, wealth management and private asset management. The assessee had declared exempt income by way of dividend income of Rs.17,67,747/- and interest income of Rs.53,956/- from bonds. Before the ld. AO assessee offered suomoto disallowance of Rs.12,00,000/- based on working of investments earning exempt income and excluded the investment which had not yielded any exempt income. However, the ld AO mechanically applied Rule 8D and proceeded to make disallowance of Rs.18,39,64,888/-. The ld. CIT(A) too has confirmed the said disallowance.

4. Before us, the ld. Counsel submitted that the disallowance cannot be more than the exempt income earned and therefore, the additions should be restricted to the extent of exempt income. He further submitted that assessee had given a working of suo-moto disallowance taking only those investments which had yielded exempt income and excluded which had not yielded any exempt income and this issue is covered by series of decisions of the various Courts.

5. After considering the facts and finding given in the impugned orders, we find that here in this case, it is an undisputed fact that exempt income earned by the assessee is only Rs.18.21

lakhs and ld. AO has blindly applied Rule 8D without considering that the disallowance made by the ld. AO is even much more than total expenses claimed in the profit and loss account. This shows complete lack of application of mind and satisfaction which is a mandate required u/s.14A(2) before resorting to disallowance under Rule 8D(2). In any case, the disallowance u/s.14A cannot exceed exempt income, therefore, disallowance is restricted to the extent of exempt income only.

**6. In the result, appeal of the assessee is partly allowed.**

Order pronounced on 30<sup>th</sup> October, 2024.

**Sd/-**  
**(GIRISH AGRAWAL)**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**(AMIT SHUKLA)**  
**JUDICIAL MEMBER**

Mumbai; Dated 30/10/2024  
KARUNA, *sr.ps*

**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, Mumbai**