

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'D' BENCH: CHENNAI**

श्री यस यस विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री जगदीश, लेखक सदस्य के समक्ष  
**BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND**  
**SHRI JAGADISH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA Nos.996 & 997/Chny/2018  
निर्धारण वर्ष /Assessment Year: 2009-10 & 2014-15

M/s. Harita Seating Systems Ltd.,  
No.29, Jayalakshmi Estates,  
Haddows Road,  
Chennai-600 006.  
[PAN: AAACH 2492N]  
(अपीलार्थी/Appellant)

**Vs.** The Asst. Commissioner of  
Income Tax,  
Corporate Circle-2(2),  
Chennai.  
(प्रत्यर्थी/Respondent)

आयकर अपील सं./ITA No.1060/ Chny/2018  
निर्धारण वर्ष /Assessment Year: 2014-15

The Dy. Commissioner of  
Income Tax,  
Corporate Circle-2(2),  
Chennai.

M/s. Harita Seating Systems Ltd.,  
No.29, Jayalakshmi Estates,  
Haddows Road,  
Chennai-600 006.  
[PAN: AAACH 2492N]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Assessee by  
प्रत्यर्थी की ओर से /Revenue by

: None  
: Shri Saujanya Ranjan, JCIT

सुनवाई की तारीख/Date of Hearing

: 23.09.2024

घोषणा की तारीख /Date of Pronouncement

: 27.11.2024

**आदेश / ORDER**

**PER JAGADISH, A.M :**

Two appeals filed by the assessee for Assessment Years (AYs)  
2009-10 & 2014-15 and one cross appeal for A.Y 2014-15 by Revenue

*:- 2 -:*

arise out of orders of Learned Commissioner of Income Tax (Appeals)-6, Chennai [hereinafter "CIT(A)"] dated 29.12.2017.

2. These appeals were listed on 16.06.2024, 01.07.2024, 02.07.2024, 03.07.2024 31.07.2024, 09.08.2024, 21.08.2024 and 23.09.2024, but none appeared on behalf of the assessee. Therefore, these appeals are decided on merit in the absence of assessee's representative.

**ITA No.996/Chny/2018 for A.Y 2009-10:**

3. Ground No.1 is against not allowing weighted deduction u/s. 35(2AB) of the Income-tax Act, 1961 (hereinafter "the Act") on the revenue expenditure of Rs. 28,91,706/-. The assessee has claimed deduction u/s. 35(2AB) of the Act in respect of R&D expenditure, but the same were not allowed by the A.O as the assessee has not received Form-3CL from DSIR clarifying expenditure incurred in R&D for the purpose of granting deduction u/s. 35(2AB) of the Act. On appeal, the assessee has submitted Form-3CL before the Ld. CIT(A), who called for remand report from the A.O and based on the remand report allowed the claim u/s. 35(2AB) of the Act to the extent of Rs.507.63 Lakhs. The Ld. CIT(A) has allowed deduction of Rs. 507.63

*:- 3 -:*

Lakhs against the claim of Rs. 551 Lakhs, as the DSIR has not approved the revenue expenditure of Rs.28,91,706/-. The Ld. CIT(A) therefore, allowed only 100% of the revenue expenditure u/s. 37(1) of the Act in place of claim of 150% u/s. 35(2AB) of the Act. Assessee is aggrieved against granting only 100% deduction of R & D revenue expenditure.

4. We have gone through the material available on record with the help of Ld. DR. The Ld. CIT(A) has allowed the claim u/s. 35(2AB) of the Act to the extent of Rs. 507.63 Lakhs against the claim of Rs. 551 Lakhs. The Ld. CIT(A) has allowed the claim to the extent of capital and revenue expenditure certified by DSIR in Form-3CL. As regard to revenue expenditure of Rs.28,98,706/-, the Ld. CIT(A) has not allowed the weighted deduction @150% as the same was not approved by DSIR. However, the Ld. CIT(A) has allowed 100% deduction in respect of revenue expenditure u/s.37 of the Act. We do not find any infirmity in the order of Ld. CIT(A) and therefore, this ground of appeal of the assessee is dismissed.

5. Ground No.2 is relating to upholding the disallowance u/s. 14A r/w. Rule 8D of the Income Tax Rules, 1963 (hereinafter "the Rules")

*:- 4 -:*

of Rs. 1.73 Lakhs. The assessee has received dividend income of Rs.40,000/- exempt from tax, but has not allocated any expenditure to earn the exempt income. The AO therefore, disallowed sum of Rs.16,52,903/- u/s. 14A as per Rule 8D of the Rules. On appeal, the Ld. CIT(A) has confirmed the disallowances to the extent of Rs. 1.73 Lakhs as per request made by the Ld A.R before Ld. CIT(A). The disallowance was computed on the basis of decision of ITAT, Chennai in assessee's own case in ITA No.1336/Mds/2016 for A.Y 2011-12 and ITA No.3172/Mds/2016 for A.Y 2012-13. The Ld. CIT(A) accordingly restricted the disallowance to Rs. 1.73 Lakhs. Assessee is aggrieved by the order of Ld CIT(A) confirming 14A of the Act disallowances to the extent of Rs 1.73 Lakh.

6. We have gone through the assessment order and order of Ld. CIT(A) with the help of Ld. DR. The disallowance u/s. 14A of the Act has been confirmed by Ld. CIT(A) as per request made by Ld. AR and in accordance with the order of the Co-ordinate Bench, supra in assessee's own case. Therefore, we do not find any reason to interfere with the order of Ld. CIT(A). Thus, the appeal in ITA No.996/Chny/2018 for A.Y 2009-10 of the assessee is dismissed accordingly.

**ITA No.997/Chny/2018 for A.Y 2014-15:**

7. The only ground of appeal in this appeal of assessee is against not allowing of claim of deduction fully u/s. 80IC of the Act of Rs.16,25,852/-.

8. The assessee is engaged in the manufacturing of seating systems for automobiles and has claimed deduction u/s. 80IC of the Act of Rs.16,25,852/-. The A.O during the assessment has noticed that the assessee has not allocated R&D expenditure of 80IC unit and therefore, allocated R&D expenditure between 80IC units and non-80IC units in the ratio of 9.69% to 90.31%. The AO after allocating R&D expenditure to 80IC unit found the profit from 80IC unit Nil, therefore, has not allowed any deduction u/s.80IC of the Act. On appeal, the Ld. CIT(A) has confirmed the apportionment of R&D expenditure between 80IC unit and non-80IC unit, but directed A.O to allocate real expenditure i.e., 100% of R & D expenditure rather than allocating 200% weighted deduction of R & D expenditure, as was directed by him in preceding year. We do not find any infirmity in the order of Ld. CIT(A) in apportionment of R&D expenditure to 80IC. We, therefore confirm the order of Ld. CIT(A). In view of the above, the

appeal of the assessee in ITA No.997/Chny/2018 for AY 2014-15 is dismissed.

**Revenue's appeal in ITA No.1060/Chny/2018 for A.Y 2014-15:**

9. We find that the tax effect involved in this appeal is less than Rs.60 lakhs. The CBDT vide Circular No.09 of 2024 dated 17.09.2024 has increased the monetary limit for filing the appeal by the Revenue before the ITAT to Rs. 60 Lakhs. In the said circular, it is stated that in cases where the tax effect in the appeal to be filed before the Appellate Tribunal does not exceed Rs. 60 lakhs appeals should not be filed. Thus, taking note of CBDT Circular No. 09 of 2024 dated 17.09.2024 and considering the fact that the tax effect in the instant appeal is less than Rs. 60 lakhs, the present appeal deserves to be dismissed as withdrawn / not maintainable.

10. However, we make it clear that the issues raised in the instant appeal is left open to be examined in the appropriate proceedings, if arises, in future. At the same time, we also make it clear that if the appeal fall in any of the exceptions referred to in the above said CBDT Circular, the Revenue is at liberty to move an application for recalling the order, if so advised. Accordingly, in the light of CBDT circular No. 09 of 2024 dated 17.09.2024, this appeal stands dismissed.

: - 7 - :

11. In the result, the appeals of assessee for A.Y 2009-10 & 2014-15 are dismissed and the appeal of Revenue for A.Y 2014-15 is also dismissed.

*Order pronounced on 27<sup>th</sup> November, 2024.*

**Sd/-**  
**(यस यस विश्वनेत्र रवि)**  
**(SS Viswanethra Ravi)**

**न्यायिक सदस्य / Judicial Member**

**Sd/-**  
**(जगदीश)**  
**(Jagadish)**

**लेखा सदस्य / Accountant Member**

चेन्नई/Chennai, दिनांक/Dated: 27<sup>th</sup> November, 2024.

EDN/-

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF