

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES : E : NEW DELHI

BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER
AND
SHRI BRAJESH KUMAR SINGH, ACCOUNTANT MEMBER

ITA No.53/Del/2020
Assessment Year: 2014-15

Multiplex Capital Ltd.,
100/28, Keshav Tower,
Rajapur Village, Sector-9,
Rohini,
New Delhi.

Vs ITO,
Ward-17(2),
New Delhi.

PAN: AAACM1761B

(Appellant)

(Respondent)

Assessee by	: Ms Ragini Handa, CA
Revenue by	: Shri Krishna K. Ramawat, Sr. DR
Date of Hearing	: 19.11.2024
Date of Pronouncement	: 29.11.2024

ORDER

PER ANUBHAV SHARMA, JM:

This appeal is preferred by the assessee against the order dated 13.11.2019 of the Commissioner of Income Tax (Appeals), Delhi-6 (hereinafter referred as Ld. First Appellate Authority or in short Ld. 'FAA') in Appeal No.CIT(A), Delhi-6/10494/2016-17 arising out of the appeal before it against

the order dated 26.12.2016 passed u/s 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') by the ITO, Ward 17(2), New Delhi, (hereinafter referred to as the Ld. AO).

2. Heard and perused the record. The Assessee Company is a registered broker under SEBI and trades in equity and F&O market for itself as well on behalf of its clients. Original return was e-filed on 27.11.2014. The Assessee had claimed dividend income of Rs. 3,66,199/- as exempt under section 10 of the Act and no suo moto disallowance was made by the Assessee against this exempt income. The assessment was completed vide order dated 26.12.2016 passed under section 143(3) of the Act wherein the AO made disallowance of Rs. 1,29,72,585/- under Section 14A read with Rule 8D. The CIT (A) vide order dated 13.11.2019 allowed the appeal partly and restricted the disallowance to the exempt income.

3. The basis and foremost contention of Ld. AR is that as the Assessee had sufficient surplus funds available which is evident from the financial statements of the Assessee and the Assessee had not made any fresh investment, no disallowance can be made. In this context we appreciate the submissions of ld. AR, while referring to the Balance Sheet at page 16 of PB, that assessee had shown share capital and reserves and surplus of Rs. 32,500,000/- and Rs. 66,607,323 respectively. There are no long term borrowings and short term borrowings are of Rs. 1,01,77,534. Then there is no change in non-current and current Investments in the impugned AY. It is settled proposition of law that if

own funds are sufficient to meet the amount of investment yielding the exempt income, then a presumption would arise that the investment was made out of the own funds available with the assessee. Reliance is rightly placed by Id.AR on decisions in South Indian Bank Ltd. v. Commissioner of Income-tax [2021] 438 ITR1 [SC]; Godrej & Boyce Manufacturing Company Ltd. 394 ITR 449 (SC); Principal Commissioner of Income-tax-IV, Ahmedabad v. Sintex Industries Ltd. (2018) 93 taxmann.com 24 (SC).

4. Consequently the grounds are sustained and the appeal is allowed.

Order pronounced in the open court on 29.11.2024.

Sd/-

(BRAJESH KUMAR SINGH)
ACCOUNTANT MEMBER

Dated: 29th November, 2024.

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Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Sd/-

(ANUBHAV SHARMA)
JUDICIAL MEMBER

Asstt. Registrar, ITAT, New Delhi