

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“B” BENCH, CHANDIGARH**

**HYBRID HEARING**

**BEFORE HON’BLE SHRI RAJPAL YADAV, VICE PRESIDENT  
AND  
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

**आयकरअपील सं./ ITA No.396/CHANDI/2023  
(निर्धारणवर्ष / Assessment Year: 2018-19)**

M/s Sky AMA Infra Private Limited 5 <sup>th</sup> Floor Grand Walk Mall Ferozepur Road, Ludhiana. 141012	<b>बनाम/ Vs.</b>	DCIT Central Circle-2 Ludhiana. 141001
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>AARCS-5725-Q</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )
अपीलार्थीकीओरसे/ <b>Appellant by</b>	:	Shri Rajesh Mehru (CA) – Ld. AR
प्रत्यर्थीकीओरसे/ <b>Respondent by</b>	:	Dr. Ranjit Kaur (Addl. CIT) – Ld. Sr. DR
सुनवाईकीतारीख/ <b>Date of Hearing</b>	:	10-07-2025
घोषणाकीतारीख / <b>Date of Pronouncement</b>	:	15-07-2025

**आदेश / O R D E R**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2018-19 arises out of an order of learned Commissioner of Income Tax (Appeals)-5, Ludhiana [CIT(A)] dated 19-04-2023 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 02-02-2021. The sole grievance of the assessee is confirmation of disallowance u/s 14A for Rs.79.21 Lacs. Having heard rival

submissions and upon perusal of case records, the appeal is disposed-off as under.

2. The assessee received exempt dividend income of Rs.863.10 Lacs on equity investment made in an entity M/s Fastway Transmissions Pvt. Ltd. (FTPL). However, the assessee did not offer any disallowance u/s 14A on the plea that no expense was incurred to earn the dividend income. However, rejecting the same, Ld. AO computed indirect expense disallowance u/r 8D(2)(ii) @1% of monthly average of opening and closing investments which resulted into disallowance u/s 14A for Rs.79.21 Lacs. The same was added back while computing income under normal provisions as well as while computing 'Book Profits' for the purpose of MAT u/s 115JB. The assessee has ultimately paid taxes u/s 115JB. The Ld. CIT(A) confirmed the action of Ld. AO against which the assessee is in further appeal before us

3. The perusal of assessee's financial statements as placed on record would show that there is movement in trade investment portfolio of the assessee during the year. The opening investments are Rs.80.56 Crores whereas the closing investments are Rs.86.37 Crores. There is movement in investment made by the assessee in its holding company. The assessee has incurred employment benefit expenses as well as other expenses which are of administrative in nature. The assessee has not maintained separate accounts with respect to such investment portfolio. It is unconceivable that no effort was made by the assessee to maintain its investment portfolio and therefore, in the

absence of any demonstrative evidences to support this plea, it could not be accepted that the assessee did not incur any expenditure on maintaining the investment portfolio. The Rule 8D applies exactly in a situation like this. This rule provides a mechanism for computation of disallowance where the demarcation of expenses is not available. The Ld. AO has applied Rule 8D and computed the indirect expense disallowance as per this rule only. Therefore, no fault could be found in the working of Ld. AO. Consequently, the impugned disallowance made while computing income under normal provisions stand confirmed. We order so.

4. So far as the adjustment thereof u/s 115JB is concerned, the same is not justified as per the decision of Special Bench of Tribunal in **Vireet Investments Pvt. Ltd. (82 Taxmann.com 415)**. Therefore, this disallowance is deleted and not to be added back while computing 'Book Profits' u/s 115JB. The Ld. AO is directed to re-compute the income of the assessee accordingly.

5. The appeal stand partly allowed.

Order pronounced on 15-07-2025.

Sd/-  
**(RAJPAL YADAV)**  
**VICE PRESIDENT**

Sd/-  
**(MANOJ KUMAR AGGARWAL)**  
**ACCOUNTANT MEMBER**

Dated: 15-07-2025.

**आदेश की प्रतिलिपि अग्रेषित /Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH