

**IN THE INCOME TAX APPELLATE TRIBUNAL
“E” BENCH MUMBAI**

**BEFORE HON’BLE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER &
HON’BLE SHRI OM PRAKASH KANT, ACCOUNTANT MEMBER**

**ITA No. 2595/Mum/2025
(Assessment Year: 2018-19)**

Kredence Multi Trading Ltd 105-106, 1 st Floor, Uttam House, 69 PD Mello Road, Carnac Bunder, Mumbai – 400009.	Vs.	DCIT, Circle – 6(1)(2) Aayakar Bhavan Mumbai – 400020.
PAN/GIR No. AAACS0778A		
(Applicant)		(Respondent)

Assessee by	Dr. K. Shivram a/w Shri Rahul Hakani
Revenue by	Shri Hemanshu Joshi, Sr. DR

Date of Hearing	23.06.2025
Date of Pronouncement	24.07.2025

आदेश / ORDER

PER SANDEEP GOSAIN, JM:

The present appeal has been filed by the assessee challenging the impugned order dt. 24.03.2025 passed u/s 250 of the Income Tax Act, 1961 (‘the Act’), by the National Faceless Appeal Centre, Delhi (NFAC) for the assessment year 2018-19.

2. The only ground raised by the assessee in the present appeal relates to challenging the order of Ld. CIT(A) in

upholding the disallowance made by AO u/s 14A by invoking the Rule 8D of Income Tax Rules.

3. We have heard the counsels for both the parties, perused the material placed on record, judgments cited before us and also the orders passed by the revenue authorities.

4. From the records, we noticed that the assessment order was passed on 09.08.2021, wherein the AO computed disallowance u/s 14A r.w.r 8D of Rs. 64,12,623/- and the said order was also upheld by Ld. CIT(A).

5. At the very outset, it was brought to our notice that the issue in question is covered by the decision of the Coordinate bench of ITAT in ***assessee's own case for A.Ys 2015-16 & 2016-17 in ITA No. 569 & 570/Mum/2024 dated 07.06.2024***, wherein Coordinate Bench of ITAT has restricted the disallowance to the exempt income.

6. From the facts we also noticed that during the year under consideration the assessee had earned exempt income of Rs. 2,97,345/- only and in its return had made suo-moto disallowance of Rs. 2,97,345/- u/s 14A of the

Act itself. The computation of income has been placed on record at page 125 of paper book.

7. Apart from the above, we also noticed that the Jurisdictional Bombay High Court in the case of ***Pr. CIT Vs. Tata Industries Ltd in Income Tax Appeal No. 661 of 2018 dated 08.01.2025*** has also held that the disallowance u/s 14A r.w.r 8D has to be '*restricted to exempt income*'. Moreover in assessee's own case for A.Y 2012-13 in ITA No. 780/Mum/2017 the Coordinate Bench of ITAT had restricted disallowance to exempt income earned by the assessee.

8. Therefore taking into consideration the above facts and circumstances of the present case and also the decisions of the Coordinate Bench of ITAT in assessee's own case, we are also of the view that the disallowance u/s 14A r.w.r 8D cannot exceed the exempt income. Therefore we set aside the order of Ld. CIT(A) and direct the AO to restrict the disallowance to the extent of exempt income earned by the assessee and also to take into consideration the suo-moto disallowance made by the assessee. Hence we allow this ground raised by the assessee and order accordingly.

9. In the result the appeal filed by the assessee stands allowed.

Order pronounced in the open court on 24.07.2025.

Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER

Sd/-
(SANDEEP GOSAIN)
JUDICIAL MEMBER

Mumbai, Dated 24/07/2025

KRK, Sr. PS

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / The CIT(A)
4. आयकर आयुक्त (अपील) / Concerned CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुम्बई / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

1.

उप/सहायक पंजीकार (Asst. Registrar)
आयकर अपीलीय अधिकरण, मुम्बई / ITAT, Mumbai