



**IN THE INCOME TAX APPELLATE TRIBUNAL,
RANCHI BENCH, RANCHI**

**BEFORE S/HRI GEORGE MATHAN, JUDICIAL MEMBER AND
RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER**

ITA No.159/RAN/2023
Assessment Year : 2017-18

Nirmal Kumar Pradeep Vs. Asst. Commissioner of Kumar, Godrej Dealers, Income Tax, Central Circle-1, Ranchi Ranchi Ranchi	
PAN/GIR No. AAHN 6882 K	
(Appellant)	(Respondent)

Assessee by : Shri Shubham Choudhary, Adv
Revenue by : Shri Khubchand T Pandya, Id Sr DR

Date of Hearing : 21/08/2025
Date of Pronouncement : 21/08/2025

ORDER

Per Bench

This is an appeal filed by the assessee against the order of the Id CIT(A)-Patna-3 dated 29.5.2023 in Appeal No.CIT(A),Ranchi/10745/2019-20 for the assessment year 2017-18.

2. Shri Shubham Choudhary, Id AR appeared for the assessee. Shri Khubchand T Pandya, Id Sr DR represented on behalf of the revenue.

3. It was submitted by Id AR that the assessee is an HUF and in the business of Mining. It was the submission that during the year 2013-14, the mining business has come to halt because of certain legal complications. It was the submission that the litigation was pending in respect of restarting of mining business. It was the submission that the assessee had in the mean time used his funds for making investment in shares and mutual fund. It was the submission that investment in mutual funds and shares had yielded exempt income of nearly Rs.22,97,468/-. The Assessing Officer had invoked the provisions of section 14A r.w. Rule 8D and had disallowed Rs.10,51,903/-. It was the further submission that the Assessing Officer had disallowed the assessee's claim of depreciation holding that the business of the assessee in respect of mining has been stopped. It was the submission that in respect of disallowance u/s. 14A r.w. Rule 8D, the Assessing Officer has considered the entire investment in shares and mutual funds instead of such investments which have yielded exempt income. In respect of depreciation, it was the submission that most of the assets which were left with the assessee for mining activities which has been purchased in 2013 have been sold and there was only a weigh bridge left. It was the submission that there is no cessation of the business of mining by the assessee.

4. In reply, Id Sr DR submitted that the Assessing Officer has considered the investment in shares as per section 14A r.w. Rule 8D in

respect of disallowance u/s.14A r.w 8D. In regard to depreciation, Id DR submitted that the business of the assessee has stopped, therefore, the order of the AO and Id CIT(A) are liable to be upheld.

5. We have considered the rival submissions. A perusal of the assessment order at page 5 shows that the Assessing Officer has considered the entire investment of the assessee in Mutual Funds and shares for the purposes of computing the disallowance u/s.14A r.w Rule 8D. It is also noticed that the Assessing Officer has disallowed 1% of the total investments. This is not as per section 14A r.w. Rule 8D. This being so, the Assessing Officer is directed to recompute the disallowance u/s.14A r.w Rule 8D by considering only such investments which have yielded the exempt income. With these directions, the issue is restored to the file of the AO for readjudication.

6. In regard to disallowance on account of depreciation, it is noticed that the assessee has to maintain his office for business and the said expenditures have also been incurred only for the purpose of business. The depreciation would also be allowable on such assets which have been used for the business of dealing in shares and also to settle the litigation in respect of mining activities. The Schedule-A –Fixed Assets at page 7 reads as follows:

73

NIRMAL KUMAR PRADEEP KUMAR, RANCHI
SCHEDULES
(Annexed to and forming part of Account)

Schedule 'A' - Fixed Assets	WDV as at 31.03.2016	Additions / Adjustment	Sales	Total	Rate	Depreciation	WDV as at 31.03.2017
Description of Assets	301,986.33	-	-	301,986.33	10.00	30,198.63	271,787.70
Building	2,827,027.95	-	-	2,827,027.95	15.00	424,064.19	2,402,973.76
Motor Car	594,503.08	-	-	594,503.08	10.00	87,675.46	506,827.62
Furniture & Fixtures	17,165.83	-	-	17,165.83	60.00	10,299.50	6,866.33
Computer & Printer	1,483,830.30	-	-	1,483,830.30	15.00	222,574.55	1,261,255.75
Weight Bridge	18.25	-	-	18.25	15.00	2.74	15.51
Stabilizer	177.80	-	-	177.80	10.00	17.78	160.02
Table Fan	9,084.20	-	-	9,084.20	15.00	1,362.63	7,721.57
Cooler	671.30	-	-	671.30	15.00	100.70	570.61
Typewriter	28,837.31	-	-	28,837.31	10.00	2,883.73	25,953.58
Magazine Room	1,907.41	-	-	1,907.41	15.00	286.11	1,621.30
Digital camera	3,698.24	-	-	3,698.24	10.00	369.82	3,328.42
Protestal Fan	8,500.87	-	-	8,500.87	15.00	1,275.13	7,225.74
Jed Pump	7,398.91	-	-	7,398.91	15.00	1,109.84	6,289.07
GPS Instrument	2,996.32	-	-	2,996.32	15.00	449.45	2,546.87
Refrigerator	42,006.15	-	-	42,006.15	15.00	6,300.92	35,705.23
Inverter	5,319,810.25	-	-	5,319,810.25	-	788,961.18	4,530,849.07

Schedule 'B' - Sundry Debtors

Kaampa Iron Works	419783.38
Anki Enterprises	313801.00
Sky Alloys & Power Ltd	177858.00
Bihar Sponge Iron Ltd	2659109.00
Ayawatt Steel (P) Ltd	983.00
Total	3611534.38



7. From the above, it is noticed that there is a weigh bridge having WDV of Rs.14,83,830.30 on which the depreciation of Rs.2,22,574.55 has been claimed . The depreciation on this item is liable to be disallowed as no business in respect of this item has been done during the impugned assessment year. Rest of the items used for the business of the assessee and, therefore, the assessee is entitled to depreciation on other items. The depreciation to the extent of Rs.2,22,574.55 is directed to be disallowed and balance of the depreciation is to be allowed by the AO in the computing the total income of the assessee. Needless to say that when computing the disallowance u/s.14A r.w. Rule 8D, the Assessing Officer shall allow reasonable opportunity to the assessee.

8. In the result, appeal of the assessee stands partly allowed for statistical purposes.

Order dictated and pronounced in the open court on 21/08/2025.

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER

Ranchi ; Dated 21/08/2025
B.K.Parida, SPS (OS)

Copy of the Order forwarded to :

1. The Appellant : Nirmal Kumar Pradeep Kumar, Godrej Dealers, Ranchi
2. The Respondent: Asst. Commissioner of Income Tax, Central Circle-1, Ranchi
3. The CIT(A)-Patna-3
4. Pr.CIT, Ranchi
5. DR, ITAT, Ranchi
6. Guard file.
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