

आयकर अपीलीय अधिकरण, "सी" न्यायपीठ, चेन्नई  
IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH, CHENNAI

श्रीएम.बालगणेश, लेखासदस्यकेसमक्षएवं. श्रीएसएसविश्वनेत्ररवि, न्यायिकसदस्य  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER  
AND SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER

आयकरअपीलसं./ITA No.:2286 & 2287/Chny/2025  
निर्धारणवर्ष / Assessment Years:2017-18 & 2018-19

<b>The Deputy Commissioner of Income Tax,</b> Non-Corporate Circle-8(1), Chennai.	vs.	<b>M/s.Sanmar Speciality Chemicals Limited,</b> No.9, Cathedral Road Chennai, [PAN:AABCS0201P]
<b>(अपीलार्थी/Appellant)</b>		<b>(प्रत्यर्थी/Respondent)</b>

अपीलार्थीकीओरसे/Appellant by : Mr.R.Vijayaraghavan, Advocate,  
प्रत्यर्थीकीओरसे/Revenue by : Mr.C.P.Solomon, JCIT

सुनवाईकीतारीख/Date of Hearing : 22.10.2025  
घोषणाकीतारीख/Date of Pronouncement: 24.10.2025

**आदेश / O R D E R**

**PER M. BALAGANESH, AM :**

These two appeals by the Revenue are filed against the orders of the learned Commissioner of Income Tax (Appeal), NFAC, Delhi, (in short Ld.CIT(A) for the assessment years 2017-18 & 2018-19, vide orders dated 11.06.2025 and 16.05.2025 respectively.

2.0 Identical issues are involved in both these appeals and hence they are taken up together and disposed of in this common order for the sake of convenience.

3.0 The only identical issue to be decided in these appeals are as to whether the Ld.CIT(A) was justified in restricting the disallowance u/s. 14A to the extent of exempt income in the form of share of profit from partnership firm in the facts and circumstances of the instant case.

4.0 We have heard the submissions in the light of material available on records. The assessee is engaged in manufacturing and sale of Speciality Chemicals. The Ld.AO show caused the assessee as to why the expenditure incurred for the purpose of exempt income in the form of share of profit from partnership firm be computed in accordance with Rule 8D(2) of the Income Tax Rules and considered for disallowance. The assessee submitted that it had not incurred any expenditure for earning exempt income and that the entire investments were made out of own funds of the assessee. The Ld.AO however ignored the contentions of the assessee and proceeded to disallow the expenditure u/s 14A of the Act by following the computation mechanism provided in Rule 8D(2) of the Income Tax Rules. The Ld.CIT(A) had in principle upheld the adoption of computation mechanism provided in Rule 8D(2) of the

Income Tax Rules but restricted the disallowance of expenses to the extent of actual exempt income in the form of share of profit from partnership firm in the sum of Rs.67,30,909/- and Rs.13,41,580/- for assessment years 2017-18 and 2018-19 respectively. Aggrieved by this action, the revenue is in appeals before us.

5.0 The issue in dispute is already decided by the decision of Hon'ble Supreme Court in the Maxopp Investment reported in 402 ITR 640 wherein it was held that disallowance u/s 14A of the Act r.w.s. 8D of the Income Tax Rules account exceed the actual exempt income. Respectfully following the same, we do not find any infirmity in the order of the Ld.CIT(A). Accordingly , the grounds raised by the revenue in both the years are dismissed.

6.0 In the result, both the appeals of the revenue are dismissed.

Order pronounced in the court 24<sup>th</sup> ,October, 2025 at Chennai.

**Sd/-**

(एसएसविश्वनेत्ररवि)

**(S.S. VISWANETHRA RAVI)**

न्यायिकसदस्य/JUDICIAL MEMBER

**sd/-**

(एम.बालगणेश)

**(M. BALAGANESH)**

लेखासदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai, दिनांक/Dated 24<sup>th</sup> , October, 2025

KB/-

आदेशकीप्रतिलिपिअग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF