

**IN THE INCOME-TAX APPELLATE TRIBUNAL, MUMBAI
“SMC” BENCH, MUMBAI**

BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER

**ITA No. 5514/MUM/2025
(AYs: 2014-15)**

| | | |
|---|------------|--|
| Doubledot Finance Ltd 1 st Floor, Kohinoor City Mall, premier Road, Kurla (W), Mumbai | vs. | Income Tax Officer- 4(1)(4) Aayakar Bhavan, Mk Road Mumbai. |
| PAN/GIR No:AQEPD9599B | | |
| (Appellant) | | (Respondent) |

| | |
|-----------------------|--------------------------------|
| Appellant by | Ms. Mitali Parekh |
| Respondent by | Shri Amit Sanjay Gurav, Sr. DR |
| Date of Hearing | 04.11.2025 |
| Date of Pronouncement | 02.02.2026 |

ORDER

PER SANDEEP GOSAIN, JM:

The present appeal has been filed by the assessee challenging the impugned order dated 22.08.2025 passed under section 250 of the Income-tax Act, 1961 (in short, ‘Act’) by the learned Commissioner of Income-Tax, National Faceless Appeal Centre[in short, ‘CIT(A), NFAC’], Delhi, for the Assessment Year 2014-15. The assessee has raised the following grounds:

1. The Ld. CIT(A) has erred in law and in facts in confirming the disallowance u/s. 14A of the Act to the extent of Rs. 12,62,554/-.

2. The Ld. CIT(A) has erred in law and in facts in partly confirming the disallowance of business expenses amounting to Rs. 3,99,724/-.

3. The appellant craves leave to add to, amend, alter or delete all or any of the foregoing grounds of appeal.

2. Ground No.1, raised by the assessee relates to challenging the order of Ld. CIT(A) in confirming the disallowance made u/s 14A of the Act to the extent of Rs. 12,62,554/-.

3. I 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. From the records, I noticed that the assessee during the year under consideration *suo-moto* disallowed an amount of Rs. 3,27,597/- u/s 14A r.w.s 8D of the Act by considering those investments from where exempt income was earned during the year. The details of the said investments are contained in page 31 of the paper book.

4. After having gone through the documents placed on record, I noticed that assessee had received dividend income to the tune of Rs. 23,18,127/-, whereas AO passed order u/s 143(3) of the Act by considering all the investments reflected

in the financial statement and thus calculated the disallowance of Rs. 15,90,151/-. Since the assessee had already made *suo-moto* disallowance therefore after adjudicating the same, disallowance of expenses of Rs. 12,62,554/- was made by the Ld.AO. Although during the appellate proceedings Ld. CIT(A) had accepted the stand of the assessee to the extent that disallowance u/s 14A of the Act had to be computed by considering only the investments from which exempt income was earned. But confirmed the disallowance on the ground that the exempt income was more than expenses disallowed by the AO.

5. After having considered the entire facts and legal proposition I am of the view that the disallowance u/s 14A of the Act ought to have been calculated by considering only those investments which generated exempt income during the year under consideration. On this proposition reliance has been placed upon the decision in the case of

- a. ACIT v. Vireet Investment Pvt. Ltd. [58 ITR (T) 313 (Del SB)]**
- b. Kotak Mahindra Bank Ltd. v. Assessment Unit, Income Tax Department [211 ITD 608 (Mum)]**
- c. ACB India Ltd. v. ACIT [374 ITR 108 (Del)]**
- d. Cargo Motors Pvt. Ltd. v. DCIT [453 ITR 554 (Del)]**
- e. Reliance Power Ltd. v. DCIT [159 taxmann.com 1626 (Mum)]**

6. More particularly under the facts of the present case in para 7.4, the Ld. CIT(A) itself accepted that the disallowance u/s 14A of the Act should be restricted only while investments from where exempt income is earned. Thus in these circumstances I also hold that no disallowance can be made from those investments from where no exempt income was earned during the year. Thus I direct the AO to delete the excess addition accordingly.

7. Ground No. 2, this ground relates to challenging the order of Ld. CIT(A) in confirming the disallowance of business expenses amounting to Rs. 3,99,724/-.

8. I 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. From the records, I noticed that the assessee had claimed various expenses u/s 37 of the Act. However while passing the assessment order it was stated by AO that there is a personal element in some of these expenses aggregating to Rs. 39,97,248/- accordingly made disallowance @ 20% of these expenses. However Ld. CIT(A) restricted the addition @ 10%.

9. After having gone through the facts of the present case, I found that assessee is public company, books of accounts of the assessee were duly audited and no objection was raised

with regard to the genuineness of these expenses. The assessee had already filed the relevant evidences in order to substantiate that the expense in question were routine expense incurred for the running of business operations and most of the payments were made through banking channel. Moreover on the contrary AO had not brought anything on record to establish personal expenses being debited to the profit and loss account. I have also noticed that the expense claimed by the assessee are on recurring basis even in the subsequent years and the chart showing the details of these expenses for the current and subsequent years is mentioned herein below:

| Sr. No. | Particulars | A.Y. 2014-15 | A.Y. 2015-16 | A.Y. 2016-17 | A.Y. 2017-18 |
|---------|--------------------------|--------------|--------------|--------------|--------------|
| 1 | Electricity Charges | 6,22,518 | 8,75,991 | 10,86,179 | 9,13,432 |
| 2 | Repairs and Maintenance | 3,51,746 | 4,67,342 | 7,13,066 | 18,80,401 |
| 3 | Telephone Expenses | 8,91,792 | 8,04,398 | 8,88,743 | 10,89,068 |
| 4 | Business Promotion | 3,23,733 | 5,73,389 | 4,34,561 | 1,49,752 |
| 5 | Vehicle Running Expenses | 9,27,866 | 11,03,619 | 8,89,789 | 7,91,453 |
| 6 | Computer Expenses | 1,85,947 | 62,076 | 35,765 | 2454 |
| 7 | Conveyance Expenses | 3,19,499 | 2,90,861 | 3,31,946 | 1,18,556 |
| 8 | Printing and Stationery | 3,74,147 | 3,96,928 | 1,12,520 | 83,154 |

10. From the above factual position I find that no additions on these expenses had been made in any of the above mentioned years which goes to show that AO had accepted

these expenses to be incurred for business purpose. Therefore considering the totality of the facts I direct the AO to delete these additions. Accordingly this ground raised by the assessee stands allowed.

11. In the result, the appeal filed by the assessee stands allowed.

Order is pronounced in the open court on 02.02.2026.

Sd/-

(SANDEEP GOSAIN)
JUDICIAL MEMBER

KRK, Sr. PS

MUMBAI

Date: 02.02.2026

Copy of the Order forwarded to:

1. The Assessee
2. The Respondent
3. The CIT(A)
4. CIT
5. DR/AR, ITAT, MUMBAI
6. Guard File

By Order

Assistant Registrar
ITAT, MUMBAI