

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "B" MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNT MEMBER)
AND
MS. KAVITHA RAJAGOPAL (JUDICIAL MEMBER)**

**ITA Nos.6760/MUM/2025 & 6761/MUM/2025
Assessment Years: 2014-15 & 2015-16**

Nuvama Wealth Management
Limited,
801 to 804 Wing A Building No.3
Inspire BKC, G Block, BKC
Bandra East Mumbai-400051

Vs.

Deputy Commissioner of Income
Tax-1(1),
CGO Building, M.K Road, New
Marine Lines, Mumbai-400020

**PAN NO- AAACK3792N
Appellant**

Respondent

Assessee by : Shri Ravikant Pathak

Department by : Shri Layaqat Ali Aafaqui, Sr. DR

Date of Hearing : 23/12/2025
Date of pronouncement : 27/02/2026

ORDER

PER OM PRAKASH KANT, AM

These two appeals by the assessee are directed against two separate orders, both dated 20th August, 2025 passed by the Ld. Commissioner of Income Tax (Appeals) 47, Mumbai [in short, "the Ld. CIT(A)] for assessment years 2014-15 and 2015-16 respectively.

2. In both these appeals, identical issue in dispute of disallowance u/s 14A of the Act is involved and, therefore, both



these appeals were heard together and disposed off by way of this consolidated order for the sake of convenience.

3. Now, we take up the appeal of the assessee for A.Y. 2014-15. The sole ground raised by the assessee is reproduced as under:

“1. The Commissioner of Income Tax (Appeals)-47, Mumbai [hereinafter referred as CIT(A)] erred in confirming the action of the Deputy Commissioner of Income Tax Circle – 4(1)(1), Mumbai [hereinafter referred as AO] in making disallowance u/s 14A of the Income Tax Act, 1961 (Act) r.w. Rule 8D of the Income Tax Rules, 1962 (Rules) without recording his dissatisfaction having regard to its books of accounts.

The Appellant submits that it has made suo moto disallowance of Rs. 65,793/- u/s 14A r.w.r 8D of the Rules, hence, the disallowance in excess of Rs.65,793/- made by the AO shall be deleted.”

4. We have considered the rival submission of the parties and perused the material on record. In the case assessee was engaged in the business of share broking and dealing in shares, securities and derivative investments.

5. During the year assessee had earned exempt income of Rs.7,46,429/- and had voluntarily disallowed Rs.65,793/- u/s 14A of the Income Tax Act, 1961 (in short, “the Act”) comprising salary of an employee and administrative expenses. The Assessing Officer, however, found the disallowance inadequate, especially given the scale of investments and the resources involved in managing such investments. The Assessing Officer held that assessee’s claim of minimum expenditure towards earning exempt was not acceptable. Accordingly, he relied on the judicial precedents invoking Rule 8D of the Income Tax Rules



and computed the disallowance u/s 14A at Rs.99,23,192/- and after reducing the *suo motu* disallowance made by the assessee, a net disallowance of Rs.98,57,399/- was made u/s 14A of the Act. The income under the MAT provisions was also accordingly recomputed by the Assessing Officer including disallowance u/s 14A of the Act. On further appeal, the Ld. CIT(A) restricted the disallowance to the extent of exempted income following various precedents. The relevant finding of Ld. CIT(A) is reproduced as under:

“10. The issue involved in these grounds relates to disallowance U/s 14A of the Act. During the relevant previous year, the appellant had claimed exempt income u/s 10(34) of the Act of Rs. 7,46,429/- and the appellant had suo motu offered disallowance u/s 14A of Rs. 65,793/-. The AO has worked out disallowance U/s 14A of the Act r.w.r. 8D at Rs. 99,23,192/-. Considering the disallowance already offered by the appellant, the net disallowance of Rs. 98,57,399/- was made to the returned income u/s 14A r.w.r. 8D of the Act. The appellant has contended that no further disallowance u/s 14A of the Act is required in the facts of its case. Further, as an alternate argument, the appellant has stated that disallowance cannot exceed the claim of exempt income claimed in the return of income for which it has relied on various judicial decisions. The appellant has also argued that the AO has not recorded satisfaction regarding the correctness of claim of the assessee in respect of expenditure related to earning of exempt income which is mandatory requirement for invoking provisions of section 14A(2) r.w.r. 8D of the Act. The appellant as also stated that the computation of disallowance under Rule 8D(2)(iii) should be limited to the investments which actually yielded exempt income.

10.1 The AO has noted that the appellant has claimed salary of a mid-level employee handling investment to the extent of Rs. 50,000/- and Rs. 15,793/- on account of administrative and other miscellaneous expenses, as expenses related to earning of exempt Income. The AO held that the appellant's quantification of expenses related to earning of exempt income is not justified considering the quantum of exempt investments. The AO has also noted that the investment decisions require the involvement of Sr. level management of the company and also other resources of the company for decision-making regarding utilization of funds. On this premise, the AO has rejected the correctness of claim of the assessee in respect of expenditure in relation to income which does not form part of total income. Therefore, the appellant's contention that the AO has invoked provisions of 14A r.w 8D without recording satisfaction is not correct.



10.2 The Hon'ble Special Bench of Delhi Tribunal in the case of ACIT vs. Vireet Investments Pvt. Ltd. ITA No.502/Del/2012, have held that for the purposes of calculating disallowance as per Rule 8D(2)(iii), only those investments are to be considered for computing average value of investments which yield exempt income during the year. Further, the Spl Bench decision has been followed in a number of other judgements such as (i) Sajjan India Ltd. vs. Addi.CIT (2018) 89 Taxmann.com 21 (Mum Tribunal), (ii) DCIT vs. Bombay Oxygen Corporation Ltd. (2017) 86 Taxmann 88 (Mum Tribunal), (iii) Tata Power Co Ltd. vs PCIT, Mumbai (2020), 121 Taxmann.com 127 (Mum Tribunal)

10.3 With the Spl. Bench decision in the case of Vireet Investment Ltd. (supra), law with respect to computation of disallowance under Rule 8D(2)(iii) of the Act is settled and the quantum of disallowance has to be limited to the extent of investments yielding exempt income. Further, the Spl Bench decision has been followed in several cases by the jurisdictional Mumbai Tribunal in several cases quoted in the previous paragraph. Hence, following the judgement of the Spl Bench Delhi Tribunal and jurisdictional Tribunal, it is held that disallowance u/s 14A of the Act has to be limited to the value of investments yielding exempt income.

10.4 Further, the extent of disallowance u/s 14A in an instance where, dividend income earned during the relevant year is either nil or less than the amount of disallowance computed under section 14A, has been subjected to substantial debate. However, this issue is settled by the recent decision of the Hon'ble Supreme Court dated 02.07.2018 in the case of Chettinad Logistics P. Ltd. (95 taxmann.com 250) wherein the Revenue SLP against the decision of the Hon'ble Madras High Court (80 taxmann.com 221) has been dismissed. In this case, the Hon'ble Madras High Court held that Rule 8D cannot over-ride the provisions of sec. 14A. The Hon'ble Madras Court held that if provisions of sec 14A itself are not applicable, then there is no question of invoking Rule 8D and computing the disallowance. It was noted by the Hon'ble High Court that the language used in the provisions of sec. 14A makes it abundantly clear that the same is triggered only when there is an income which does not form part of the total income under the Act. It was held by the Hon'ble High Court that the provisions of sec. 14A cannot be invoked if no exempt income has been earned for the relevant year. The Hon'ble High Court granted relief to the said assessee on the disallowance made by the AO u/s 14A on the ground that no exempt/dividend income was earned during the relevant year. The relevant portion of the decision of the Hon'ble Madras High Court in the case of Chettinad Logistics P. Ltd. is reproduced as under-

"8. According to us, this exercise, in the given facts which emerge from the record, was clearly unnecessary, as the CIT(A) had returned the finding of fact that no dividend had been earned in the relevant assessment year, with which, we are concerned, in the present appeal.

9. In our opinion Section 14 A of the Act, can only be triggered, if the Assessee seeks to square off expenditure against income which does not form part of the total income under the Act.

9.1 The legislature, in order to do away with the pernicious practice adopted by the Assessee's, to claim expenditure, against income exempt from tax, introduced the said provision



10. In the instant case, there is no dispute that no income i.e., dividend, which did not form part of total income of the Assessee was earned in the relevant assessment year.

10.1 Therefore, to our minds, the addition made by the Assessing Officer by relying upon Section 14 A of the Act, was completely contrary to the provisions of the said Section.

10.2 Mr. Senthil Kumar, who appears for the Revenue, submitted that the Revenue could disallow the expenditure even in such a circumstance by taking recourse to Rule 8D.

10.3 According to us, Rule 8D, only provides for a method to determine the amount of expenditure incurred in relation to income which does not form part of the total income of the Assessee.

10.4 Rule 8 D, in our view, cannot go beyond what is provided in Section 14 A of the Act.

11. Furthermore, we may note that a similar argument was sought to be advanced by the Revenue in the matter concerning, Redington (India) Ltd. v. Addl. CIT (2017) 77 taxmann.com 257 (Mad.) which was, subject matter of T.C.A.No.520 of 2016

11.1 A Co-ordinate Bench of this Court, vide judgment dated 23.12.2016, rejected the plea of the Revenue advanced in that behalf.

11.2 As a matter of fact, a perusal of the judgment would show that the Revenue had sought to argue that because exempt income could be earned in future years, therefore, recourse could be taken to the provisions of Section 144 of the Act, to disallow expenditure. In other words the stand taken by the Revenue was irrespective of the fact whether or not income was earned in the concerned assessment year expenditure under Section 14A could be disallowed against anticipated income.

11.3 Pertinently, the Division Bench in Redington (India) Ltd. (supra) case has repelled this precise argument

12. The Division Bench, in our view, quiet correctly held that, the computation of total income, in terms of Section 5 of the Act, is made qua real Income and not, vis-a-vis, national income

12.1 The Division Bench went on to hold that Section 4 of the Act brings to tax, that income, which is relatable to the assessment year in issue. The Division Bench, thus, held that where no exempt income is earned in the previous year, relevant to the assessment year in issue, provisions of Section 14 A of the Act, read with Rule 8 D could not be Invoked.

12.2 While coming to this conclusion, the Division Bench also took note of the aforementioned Circular, issued by the Board."



10.5 The Hon'ble Bombay High Court in the case of M/s. Nirved Traders Pvt. Ltd. (ITA No. 149 of 2017) in their decision dated 23.04.2019 approved the claim that the disallowance under section 14A was to be restricted to the tax-exempt income earned during the year. The High Court observed that:

3. This Appeal is filed by the Assessee to challenge the Judgment of the income Tax Appellate Tribunal ('the Tribunal', for URS 1 of 7 2 3-ITXA 149-17.odt short). The Appellant Assessee is a private limited company and a non-banking financial company. In the Assessment Year 2008-2009, the Assessee had claimed interest expenditure of Rs 6,87,57,951.

During the same period relevant to the Assessment Year in question, the Assessee had earned dividend income of Rs. 1,13,72,545 which was exempt from tax. The Assessing Officer disallowed the interest expenditure of Rs.3,79,83,539. He further disallowed administrative expenditure and made a total disallowance of Rs 4,22,72,425/-under Section 14A of the Income Tax Act, 1961 (the Act, for short) read with Rule 8D of the Rules. The Tribunal, by the impugned Judgment, confirmed such disallowance upon which, the Assessee has filled this Appeal.

4. At the outset, learned Counsel for the Appellant-Assessee submitted that several High Courts have held that disallowance under Section 14A of the Act read with Rule 8D of the Rules, cannot exceed the exempt income earned by the Assessee during the relevant year. She submitted that if such disallowance, therefore, is restricted to Rs. 1,13,72,545/ which is exempt income earned by the Assessee, the Assessee would accept the same.

5. Having heard the learned Counsel for the parties and having perused the documents on record, consistently different High Courts in the country have taken a view that the disallowance under Section 14A of the Act read with Rule 8D of the Rules cannot exceed the Assessee's exempt income. The Delhi High Court, in the case of Cheminvest Ltd. Vs. Commissioner of income Tax 1, has held that when the Assessee has not earned any income which was exempt from tax, disallowance of the expenditure under Section 14A read with 8D of the Rules would not be permissible.

10.6 The Hon'ble Karnataka High Court, in the case of Pragati Krishna Gramin Bank Vs Joint Commissioner of Income-tax2, has held that expenditure in relation to income not includable in the total income cannot exceed such income. It was observed as under.

"14. We make it clear that the expenditure for earning exempted income has to have a reasonable proportion to the income, so earned, going by the common financial prudence.

Therefore, even if the Assessing Authority has to make an estimate of such an expenditure incurred to earn exempted income, it has to have a rational nexus with the amount of income earned itself. Disallowance under Section 14A of Rs 2,48,85,000/-as expenses to earn exempted



Dividend income of Rs. 1,80,30,965/- is per se absurd and hypothetical. The disallowance under Section 8D cannot exceed the expenses claimed by assessee under the Proviso to Rule 8D. Therefore, where the assessee claimed that assessee did not incur any such expenditure during the year in question to earn Dividends of Rs. 1,80,30,965/- the burden was upon the assessing authority to compute the interest on such borrowed funds which were dedicatedly used for investment in securities to earn such exempted Dividend income. The disallowance under Section 14A cannot be wild guesswork bereft of ground realities. It has to have a reasonable and close nexus with the factually incurred expenses. It is not deemed disallowance under Section 14A of the act but an enabling provision for assessing authority to compute the same on the given facts and figures in the regularly maintained Books of Accounts. The assessing authority also could not have called upon the Assessee himself to undertake the exercise of computing the disallowance under Section 80 of the Rules. Such abdication of duty is not permissible in law. Since no such exercise has been undertaken by the assessing authority, the case calls for a remand."

10.7 The Hon'ble Gujarat High Court, in the case of Commissioner of Income-tax-I Vs. Corrttech Energy (P) Ltd.³, has held and observed as under:

"4. Counsel for the Revenue submitted that the Assessing Officer as well as CIT (Appeals) had applied formula of rule 8D of the Income Tax Rules, since this case arose after the assessment year 2009-2010. Since in the present case, we are the Revenue. We however, notice that sub-section (1) of section 14A provides that for the purpose of computing total income under chapter IV of 3 (2015) 372 ITR 97 URS 4 of 7 5 3-ITXA 149-17. odt the Act, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under the Act. In the present case, the tribunal has recorded the finding of fact that the assessee did not make any claim for exemption of any income from payment of tax. It was on this basis that the tribunal held that disallowance under section 14A of the Act could not be made. In the process tribunal relied on the decision of Division Bench of Punjab and Haryana High Court in case of CIT v Winsome Textile Industries Ltd. [2009] 319 ITR 204 in which also the Court had observed as under:

"7. We do not find any merit in this submission. The judgement of this court in Abhishek Industries Ltd. (2006) 286 ITR 1 was on the issue of allowability of interest paid on loans given to sister concerns, without interest. It was held that deduction for interest was permissible when loan was taken for business purpose and not for diverting the same to sister concern without having nexus with the business. The observations made therein have to be read in that context. In the present case, admittedly the assessee did not make any claim for exemption. In such a situation section 14A could have no application.

5. We do not find any question of law arising. Appeal is therefore dismissed."



10.8 The Hon'ble Bombay High Court, in a decision dated 4th February, 2019, in the case of *The Pr. Commissioner of Income Tax-10 Vs. HSBC Invest Direct (India) Ltd.* had observed as under.

"4. Having heard learned Counsel for the parties and perused documents on record, we notice that in *Cheminvest Ltd.* (supra) Delhi High Court had referred to and relied upon its earlier decision in the case of *CIT Vs. Holcim India (P) Ltd.* (I.T.A. No. 486 of 2014, decided on 5th September 2014). we further notice that this Court in *Income Tax Appeal No.693 of 2015* by an order dated 21st November, 2017 while dismissing the Revenue's appeal on similar issue had noted that the decision of Delhi High Court in case of *Holcim India (P) Ltd.* (supra) had adopted the same principles. In the present case, Counsel for the Revenue however, points out that this is not a case where the assessee had earned no income which was exempt from tax. However, in our opinion the ratio of the above noted decisions in the cases of *Cheminvest Ltd.* and *Holcim India (P) Ltd.* (supra) would include a facet where the assessee's income exempt from tax is not Nil, but has earned exempt income which is larger than the expenditure incurred by the assessee in order to earn such income. In such a situation that disallowance cannot exceed the exempt income so earned by the assessee during the year under consideration. We do not find any error in the view of the Tribunal. We record that the assessee had offered voluntary disallowance of expenditure of Rs.1.30 crores, which is not been disturbed by the Tribunal.

5. The tax appeal is dismissed."

10.9 The Hon'ble Punjab & Haryana High Court (*CIT vs. State Bank of Patiala*, 393 ITR 476) held that disallowance under section 14A cannot exceed exempt income, a view also supported by the Hon'ble Delhi High Court (*Cheminvest Limited vs. CIT*, 378 ITR 33). The Revenue's SLP before the Hon'ble Apex Court against the decision of Punjab & Haryana High Court in the case of *CIT vs. State Bank of Patiala* has been dismissed on merits vide order dated 08/10/2018. Based on legal precedent's, disallowance u/s 14A r.w.s. 8D is restricted to the exempt income claimed i.e. Rs 7,46,429/-. The ground of appeal is Partly Allowed."

6. Before us, the assessee has challenged that no dissatisfaction was recorded by the Assessing Officer before invoking Rule 8D of the Income Tax Rules, 1962. However, this contention of the assessee is not justified as the Assessing Officer has duly rejected the claim of the assessee of *suo-motu* disallowance of Rs. 65,793/- observing as under:



“4.2 The assessee was asked to submit working of the disallowance of expenses incurred in relation to exempt income earned. The assessee has submitted the same vide submission dated 12.12.2016, but the same is not found to be acceptable. The assessee has contended that the investments trade in the wholly owned subsidiary/associate companies is purely and solely for the business purpose and in the nature of strategic investment. The assessee has made the disallowance u/s 14A as under:

- (i) Rs.50000/- on account of salary of a mid level employee handling investments.
- (ii) Rs.15793/- on account of administrative, statutory and miscellaneous expenses incurred on account of earning of exempt income.

It must be noted that in the case of *United Breweries Limited vs. DCIT (Karnataka High Court)*, it was held that Section 14A applies to a case where the motive of the assessee is to acquire controlling interest in a company and not to earn dividends. Hence, the investments of the assessee in its sister concerns also need to be considered while working out disallowance u/s 14A of the Act. When it comes to such huge investments, the decisions have to be taken at a very senior level of management of the company, Not only the manpower, skill and resource but also the office premise, infrastructure and other resources of the company are used for the management and decision making for the be disallowed in view of provisions of Section 14A of the Act.

4.3 In view of the above, in no scenario it can be deduced that an employee with a monthly salary of Rs.4167/- has been handling all the investments capable of yielding exempt income. Further, an allocation of expenses of Rs.1397/- per month for handling such huge investments is not air and reasonable.

As per section 14A of the IT Act, 1961 no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does form part of total income under the IT Act 1961. Further, if assessing officer is not satisfied with the correctness of claim of assessee in respect of such expenditure, assessing officer shall determine the amount of expenditure incurred in relation to such income which does not form part of the total income per method prescribed in rule 8D of the IT Rules.

4.4 It must be noted that the CBDT has issued Notification No. Nos 45/2008 dated March 24, 2008, which provides for insertion of Rule 8D in the Income Tax Rules 1962. The said Rule 8D would apply in either of the following situations-

- (a) Where the AO is not satisfied with the correctness of the claim of expenditure made by the assessee; or
- (b) Where the assessee claims that no expenditure has been incurred in relation to income which does not form part of the total income.

In view of the above discussion, the case of the assessee squarely falls under the provisions of the above notification.”



7. Having considered the above finding of the Assessing Officer, we are of the opinion that Assessing Officer has expressly recorded dissatisfaction to the claim of the assessee. Further we note that Hon'ble Delhi High Court in the case of Indiabulls Financial Services Ltd. v. DCIT, ITA No. 470/2016 has held that even implied dissatisfaction on the claim of the assessee is also sufficient to invoke the provisions of the Rule 8D of the Income Tax Rules, 1962. Accordingly, we reject the contention of the assessee that no dissatisfaction was recorded by the Assessing Officer before invoking Rule 8D of Income Tax Rules, 1962. The ground of the appeal of the assessee is accordingly dismissed.

8. Now, we take up the appeal of the assessee for assessment year 2015-16. The sole ground of the assessee is reproduced as under:

"1. The Commissioner of Income Tax (Appeals)-47, Mumbai [hereinafter referred as CIT(A)] erred in confirming the action of the Deputy Commissioner of Income Tax Circle – 4(1)(1), Mumbai [hereinafter referred as AO] in making disallowance u/s 14A of the Income Tax Act, 1961 (Act) r.w. Rule 8D of the Income Tax Rules, 1962 (Rules) without recording his dissatisfaction having regard to its books of accounts.

The Appellant submits that it has made suo moto disallowance of Rs.13,18,665/- u/s 14A r.w.r 8D of the Rules, hence, the disallowance in excess of Rs. 13,18,665/- made by the AO shall be deleted."

9. In the year under consideration also the assessee had claimed exempt income of Rs.19,16,42,793/- and made *suo-motu* disallowance of Rs.13,18,665/-. The Assessing Officer however, worked out the disallowance invoking Rule 8D of the Income Tax Rules at Rs.1,27,02,451/-. The Ld. CIT(A), following his



consistent finding, restricted the disallowance to the extent of exempted income but since the computation under Rule 8D was less than the exempted income, and sustained the disallowance made by the A.O. The relevant finding of the Ld. CIT(A) is reproduced as under:

“10.7 The Hon'ble Punjab & Haryana High Court (CIT vs. State Bank of Patiala, 393 ITR 476) held that disallowance under section 14A cannot exceed exempt income, a view also supported by the Hon'ble Delhi High Court (Cheminvest Limited vs. CIT, 378 ITR 33). The Revenue's SLP before the Hon'ble Apex Court against the decision of Punjab & Haryana High Court in the case of CIT vs. State Bank of Patiala has been dismissed on merits vide order dated 08/10/2018. Based on legal precedent's, the disallowance u/s 14A r.w.r. 8D is restricted to the exempt income claimed. In this case, the quantum of exempt income claimed by the appellant is Rs. 19,09,42,793/- and the disallowance computed by the AO invoking provisions of section 14A r.w.r. 8D is Rs. 1,13,83,786/-. Since, the quantum of disallowance u/s 14A r.w.r. 8D computed by the AO is less than the claim of exempt income for the previous year relevant to AY 2015-16, the disallowance is justified, subject to the comments in the succeeding paragraphs.

10.8 The appellant has also contested that computation of disallowance u/s 14A r.w.r 8D(2)(iii) should be made considering only those investments which have actually yielded exempt income. The Hon'ble Special Bench of Delhi Tribunal in the case of ACIT vs. Vireet Investments Pvt. Ltd. ITA No.502/Del/2012, have held that for the purposes of calculating disallowance as per Rule 8D(2)(iii), only those investments are to be considered for computing average value of investments which yield exempt income during the year. Further, the Spl Bench decision has been followed in a number of other judgements such as (i) Sajjan India Ltd. vs. Addl.CIT (2018) 89 Taxmann.com 21 (Mum Tribunal), (ii) DCIT vs. Bombay Oxygen Corporation Ltd. (2017) 86 Taxmann 88 (Mum Tribunal), (iii) Tata Power Co Ltd. vs PCIT, Mumbai (2020), 121 Taxmann.com 127 (Mum Tribunal).



10.9 With the Spl. Bench decision in the case of Vireet Investment Ltd. (supra), law with respect to computation of disallowance under Rule 8D(2)(iii) of the Act is settled and the quantum of disallowance has to be limited to the extent of investments yielding exempt income. Further, the Spl Bench decision has been followed in several cases by the jurisdictional Mumbai Tribunal in several cases quoted in the previous paragraph. Hence, following the judgement of the Spl Bench Delhi Tribunal and jurisdictional Tribunal, it is held that disallowance u/s. 14A of the Act has to be limited to the value of investments yielding exempt income. Therefore, the AO is directed to considering those investments which have actually yielded exempt income to the assessee for the purpose of working out disallowance u/s 14A r.w.r. BD(2)(iii). The grounds of appeal are partly allowed.”

10. Before us, the assessee has only challenged that no dissatisfaction was recorded to the claim of the assessee, however, we note that in the year under consideration also, the Assessing Officer duly recorded the dissatisfaction on the claim of the assessee. The relevant part of the assessment order is reproduced as under:

“G) For the purpose of making investment and thereafter control of investment as well as purchase/sale of shares/mutual funds, assessee has used its office and incurred expenses such as Transport charges, Office expenses Telephones expenses Travelling expenses. All these expenses are to certain extent related to investment in Mutual funds. Moreover, the assessee has to keep track of various dividend incomes declared by the invested companies and also to keep track of the dividend income having been regularly received by the assessee. This activity itself calls for considerable attention of the assessee.

H) In the absence of separate accounts by way of which the management and administrative expenditure could be segregated, there is no dispute and there cannot be any doubt that some expenditure is incurred for making or earning, the income from dividend. In case of mixed accounting, the expenditure is not identifiable as such, which directly related to earning of dividend but that cannot be a ground to say that no expenditure is incurred for earning dividend income or that no expenditure could be related to that income.

I) I'm relying on the judgment of the jurisdictional tribunal in Asha Lalit Kanodia vs Additional Commissioner of Income-tax, Range-12 (2), Mumbai (71



taxmann.com 84) wherein the ITAT Mumbai Bench 'A' held that Where assessee claimed that no expenditure was incurred to earn exempt dividend income, onus was on the assessee to substantiate her claim with her accounts and on failure to do so disallowance is to be made under section 14A, read with rule 8D."

11. In view of the above, it is clear that Assessing Officer has clearly recorded the dissatisfaction on the claim of the assessee and thus the ground of the appeal is accordingly dismissed.

12. In the result, both the appeals of the assessee are dismissed.

Order pronounced in the open Court on 27/02/2026.

**Sd/-
(KAVITHA RAJAGOPAL)
JUDICIAL MEMBER**

**Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER**

Mumbai;
Dated: 27/02/2026
Ankit, Sr. P.S.

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,
(Assistant Registrar)
ITAT, Mumbai