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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
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\+ **ITA 292/2016**

PR. COMMISSIONER OF INCOME TAX-6 ..... Appellant
Through Mr Rahul Chaudhary, Senior Standing Counsel.

versus

MOHAIR INVESTMENT AND TRADING CO. P. LTD. ..... Respondent
Through Ms Kavita Jha, Advocate and Ms Mehak Gupta, Advocate.

CORAM:
JUSTICE S.MURALIDHAR
JUSTICE VIBHU BAKHRU

O R D E R
% **06.05.2016**

1. This is an appeal by the Revenue against the order dated 27th November, 2015 passed by the Income Tax Appellate Tribunal ("ITAT") in ITA No. 4677/DEL/2009 for Assessment Year ('AY') 2001-02.

2. By the impugned order, the ITAT deleted the penalty levied on the Respondent Assessee under Section 271(1)(c) of the Act.

3. The reasons that weighed with the ITAT, *inter alia*, are that the issue concerning the disallowance of interest expenditure incurred on borrowed funds utilized for acquiring shares under Section 14A of the Act was arising for the first time. AY 2001-02 was admittedly the first year of application of Section 14A of the Act. The method of computation of the disallowance

lacked clarity and, therefore, the action of the Assessee was bona fide.

4. In the circumstances, the Court is of the view that no substantial question of law arises. The appeal is dismissed.

S.MURALIDHAR, J

VIBHU BAKHRU, J

MAY 06, 2016
pkv