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IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPEAL NO.1596 OF 2014

Asstt. Commissioner of Income Tax
Circle 6(2) ..Appellant
Versus
M/s. Esjay International Ltd. ..Respondent

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Mr. A. R. Malhotra a/w N. A. Kazi for the Appellant.
Mr. Aurup Dasgupta a/w S. Shah i/b. Jhangiani Narulla & Associates for the Respondent.

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CORAM: M. S. SANKLECHA &
A. K. MENON, JJ.

DATE : 28th FEBRUARY, 2017

P.C.

1. This Appeal under Section 260-A of the Income Tax Act, 1961 (the Act) challenges the order dated 12th February, 2014 passed by the Income Tax Appellate Tribunal (the Tribunal). The impugned order is in respect of Assessment Year 2007-08.

2. This appeal raises the following question of law for our consideration:-

> *"Whether on the facts and in the circumstances of the case and in law, the Tribunal erred in holding that Rule 8D of the Income Tax Rules will come into effect prospectively without*

appreciating that Rule is a machinery/procedural prescribing mechanism for computing quantum of expenditure relatable to earning exempt income for the purpose of disallowances under Section 14A of the Act?"

3. The impugned order of the Tribunal dismissed the Revenue's appeal by following the decision of this Court in Godrej & Boyce Mfg. Co. Ltd. v/s. DCIT (2010) 328 ITR 81. This Court in the above case has held that the provisions of Rule 8D of the Income Tax Rules would be applicable only from the Assessment Year 2008-09 onwards and not for the earlier Assessment Years. In this case we are concerned with the Assessment Year 2007-08.

4. In view of the fact that the impugned order of the Tribunal has followed the decision of the jurisdictional Court in Godrej & Boyce Mfg. Co. Ltd. (supra) no substantial question of law arises for our consideration.

5. Accordingly, appeal is dismissed. No order as to costs.

(A. K. MENON, J.) **(M. S. SANKLECHA, J.)**

Wadhwa