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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ ITA 438/2016

THE PR. COMMISSIONER OF INCOME TAX -6 ..... Appellant
Through: Mr. Ruchir Bhatia and Mr. Puneet Rai, Advs.

versus

MACHINO PLASTIC LTD. ..... Respondent
Through: Mr. Gautam Jain and Mr. Piyush Kumar Kamal, Advs.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE NAJMI WAZIRI

O R D E R

% 13.02.2017

The Revenue urges two questions of law in the present appeal under Section 260A of the Income Tax Act, 1961. First, the disallowance made under Section 40(a)(ia) to the extent of ₹ 5,96,83,010/-. The ITAT noticed that for the previous year as well as the later years the Revenue had accepted the assessee’s explanation that since the amounts were made towards reimbursement, Section 194C of the Act was not applicable. In these circumstances, the question of law does not arise.

The second question which the ITAT had to deal with was the disallowance of ₹ 13.51,985/- made by the AO in respect of income received by the assessee towards the investment in Caparo Maruti Ltd. The assessee had computed certain disallowance under Section 14A which was brushed aside. The ITAT applied the reasoning propounded by this Court in its judgment reported as ***Cheminvest Ltd. vs CIT 61 Taxman.com 118***. In these circumstances, given that there was no income, as the dividend income computation was nil, the disallowance under Section 14A did not arise. No question of law arises.

For the above reasons, the appeal is without merit and is, accordingly, dismissed.

S. RAVINDRA BHAT, J

NAJMI WAZIRI, J

FEBRUARY 13, 2017/kk