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

\+ ITA 896/2016

PR. COMMISSIONER OF INCOME TAX-6, NEW DELHI
..... Appellant

Through : Sh. Asheesh Jain, Sr. Standing Counsel with Sh. Vikrant. A. Maheshwari, Advocate.

versus

MALANA POWER CO. LTD. ..... Respondent

Through : Dr. Rakesh Gupta with Sh. Somil Agarwal and Ms. Monika Ghai, Advocates.

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

O R D E R

% 24.03.2017

The Revenue urges two questions of law - one as to the disallowance under Section 14A of the Income Tax Act, 1961 which the ITAT cancelled/disapproved and secondly, the disallowance to the extent of 50% of the sum of ₹16,51,000/-. It was *inter alia* urged by the Revenue that no details were provided. The assessee, who is represented on advance notice points to the judgment of this Court in *Cheminvest Ltd. v. CIT* 378 ITR 33 to press that there was no exempted income in the given year and that in the absence of such income, addition under 14A could not be made.

The first question of law, therefore, does not arise. As far as the second question is concerned, the Court observes that the materials on record and the submissions of the parties show that such expenses were previously allowed and also subsequently allowed for later years. Besides, the assessee is an exempt unit under Section 80IA – which means that even if the amounts were to be disallowed, the ultimate tax effect would be neutral. For these reasons, no substantial question of law arises. The appeal is accordingly dismissed.

S. RAVINDRA BHAT, J

NAJMI WAZIRI, J

MARCH 24, 2017/ajk