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

\+ ITA 352/2018 and CM APPL. 11639/2018

PRINCIPAL COMMISSIONER OF INCOME TAXDELHI-05,
..... Appellant

Through: Mr. Zoheb Hossain, Sr. Standing Counsel.

versus

M/S. LIVING MEDIA INDIA LTD. ..... Respondent

Through: Mr. Salil Aggarwal and Mr. Madhur Aggarwal, Advocates.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE A. K. CHAWLA

O R D E R

% **23.03.2018**

Questioning the concurrent findings of the lower Appellate Authorities, the Revenue urges that the disallowance under Section 14A of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') directed to be set aside, is erroneous.

The assessee had offered ₹10,46,264/- as a disallowance under Section 14A of the Act towards interest free income. The Assessing Officer (AO) however rejected the amount and made a disallowance of over ₹4.13 crores approximately upon application of Rule 8D(2)(ii) and 8D(2)(iii). The CIT(A) restricted the disallowance amounting to ₹9,00,621/-by holding that the application of Rule 8D(2)(ii) of the Act was not called for. The ITAT confirmed that order.

This Court has considered the Revenue's submissions.

Clearly, the AO had fallen into error in overlooking that the assessee had deployed its own substantial part of funds to derive a tax exempt income. In these circumstances, the findings of the lower Appellate Authorities are justified.

No substantial question of law arises. The appeal is dismissed along with the pending application.

S. RAVINDRA BHAT, J

A. K. CHAWLA, J

MARCH 23, 2018
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