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

\+ ITA 84/2018

PRINCIPAL COMMISSIONER OF INCOME TAX (CENTRAL)-1 ..... Appellant

Through: Mr. Rahul Chaudhary, Sr. Standing Counsel.

versus

M/S MOONSTAR SECURITIES TRADING AND FINANCE CO. PVT. LTD. ..... Respondent

Through: None.

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

O R D E R

% **24.01.2018**

The Revenue's appeal under Section 260A in this case is confined to the disallowance made, i.e., of ₹2,43,40,709/- under Section 14A. The assessment was completed after a search was conducted under Section 132 of the Act and notice issued under Section 153A. The ITAT by the impugned order granted the relief noticing that the exempt income as well as the issue of disallowance had been disclosed in the original return filed by the assessee in the regular course for the relevant year. The ITAT also noticed that the Assessing Officer had issued the questionnaire on 09.08.2011 about applicability of provisions of Section 14A read with the relevant rules. It was held that in the absence of any fresh material warranting addition, the amount brought to tax under Section 14A was not justified.

The Court notices that the ITAT also followed reasoning in *CIT v. Kabul Chawla* , 380 ITR 573 where it was held that in the absence of any fresh materials seized or recovered during the search proceedings, the additions could not be made on issues which had been concluded in the regular assessment proceedings.

Since the reasoning in *Kabul Chawla (supra)* was followed by the Tribunal, no substantial question of law arises; the appeal is, therefore, dismissed.

S. RAVINDRA BHAT, J

A. K. CHAWLA, J

JANUARY 24, 2018
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