

IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

ITA-444-2018 (O&M)

Date of Decision: 26.3.2019

Principal Commissioner of Income Tax-1, Chandigarh

....Appellant.

Versus

M/s Trident Limited, Ludhiana

...Respondent.

**CORAM:- HON'BLE MR. JUSTICE AJAY KUMAR MITTAL.
HON'BLE MRS. JUSTICE MANJARI NEHRU KAUL.**

PRESENT: Mr. Rajesh Katoch, Sr. Standing Counsel for the appellant.

AJAY KUMAR MITTAL, J.

1. This appeal has been preferred by the revenue under Section 260A of the Income Tax Act, 1961 (in short “the Act”) against the order dated 20.3.2018⁷ (Annexure A-III) passed by the Income Tax Appellate Tribunal, Chandigarh Bench 'B', Chandigarh (hereinafter referred to as “the Tribunal”) in ITA No. 1433/Chd/2017, for the assessment year 2013-14, claiming the following substantial question of law:-

“Whether on the facts and in the circumstances of the case, the Hon'ble ITAT was justified in law in deleting the addition made on account of disallowance u/s 14A of the Income Tax Act, 1961 read with Rule 8D of the Income Tax Rules, 1962?”

2. Briefly stated, the facts necessary for adjudication of the instant appeal as narrated therein may be noticed. The assessee is engaged in the business of manufacturing and processing of year, terry towel and sulphuric acid, writing and printing paper, recovery of caustic soda and generation of power. The assessee filed its return of income on 30.11.2013 for the assessment year 2013-14 declaring the income 'nil' and thereafter filed its revised return on 30.4.2014 at 'nil' income. Its case was selected for scrutiny under CASS. The Assessing Officer vide order dated 31.12.2015 (Annexure A-I) completed the assessment under Section 143(3) of the Act. The Assessing Officer had noticed that the assessee had made investments in various equity funds and shares of different companies and had taken huge loans and was investing indirectly from the said loan funds. The Assessing Officer rejected the claim of the assessee under Section 14A read with Rule 8D of the Income Tax Rules, 1962 (in short "the Rules") amounting to ₹ 4,22,14,265/-. Besides this, the other additions were also made by the Assessing Officer. Feeling aggrieved, the assessee filed an appeal before the Commissioner of Income Tax (Appeals) [for brevity "the CIT(A)"] challenging the disallowance of ₹ 4,22,14,265/- under Section 14A of the Act read with Rule 8D of the Rules. The CIT(A) vide order dated 31.7.2017 (Annexure A-II) allowed the appeal and deleted the disallowance of ₹ 4,22,14,265/- under Section 14A of the Act read with Rule 8D of the Rules. The revenue challenged the order, Annexure A-II, before the Tribunal. The Tribunal vide order dated 20.3.2018 (Annexure A-III) upheld the order of the CIT(A) and dismissed the appeal of the revenue. Hence, the present appeal by the revenue.

3. We have heard learned counsel for the revenue.

4. It could not be disputed by the learned counsel for the revenue that the aforesaid matter is covered by the judgment of this Court in **ITA-322-2016 (Principal Commissioner of Income Tax-I, Chandigarh v. M/s Vardhman Chemtech Private Limited, Chandigarh)** decided on 28.8.2018, wherein the appeal filed by the revenue against the deletion of disallowance of ₹ 4,22,14,265/- under Section 14A of the Act read with Rule 8D of the Rules, was dismissed.

5. Accordingly, the present appeal is also dismissed in terms of ITA-322-2016.

(AJAY KUMAR MITTAL)
JUDGE

March 26, 2019
gbs

(MANJARI NEHRU KAUL)
JUDGE

Whether Speaking/Reasoned

Yes/No

Whether Reportable

Yes/No