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

\+ ITA 441/2019

THE PR. COMMISSIONER OF INCOME TAX -5..... Appellant
Through : Sh. Puneet Rai, Jr. Standing Counsel.

versus

JINDAL STAINLESS LTD. (FORMERLY KNOWN AS JSL LIMITED)
..... Respondent
Through : Sh. Neeraj Jain and Sh. Aniket. D. Agrawal, Advocates.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE PRATEEK JALAN

<u>O R D E R</u>

% 30.04.2019

The Revenue is aggrieved by the Income Tax Appellate Tribunal's (ITAT) order which set aside the disallowance made by the Assessing Officer (AO) under Section 14-A of the *Income Tax Act, 1961* [hereafter "the Act"]. For a tax exempt income of ₹2.37 lakhs for the relevant Assessment Year (AY), the assessee had voluntarily disallowed ₹1 lakh.

Without expressing any opinion why the disallowance was not reasonable, the Assessing Officer proceeded to apply the principles underlined in Rule 8D of the *Income Tax Rules, 1962* allowing disallowance of ₹4,48,08,080/-. The ITAT has applied the principle that without a proper rejection of the explanation regarding why the disallowance is unacceptable, Rule 8D cannot be invoked. This interpretation has been endorsed by the Supreme Court in *Godrej and Boyce Manufacturing Co. Ltd. v. DCIT* 2017 394 ITR 449. No question of law arises. The appeal is accordingly dismissed.

S. RAVINDRA BHAT, J

PRATEEK JALAN, J

APRIL 30, 2019/ajk