IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 28.10.2020

CORAM

THE HONOURABLE DR. JUSTICE VINEET KOTHARI

AND

THE HONOURABLE MR. JUSTICE M.S. RAMESH

T.C.A. No. 735 of 2017

M/s. Rattha Holdings Company Pvt. Ltd.,
37, TTK Road, Alwarpet,
Chennai 600 018.
PAN: AACCR8160 ..Appellant/Respondent

Vs.

Dy. Commissioner of Income Tax,
Corporate Circle - 5(1),
121, Uthamar Gandhi Salai,
Chennai 600 034. ..Respondent/ Appellant

Prayer: Appeal against the order of the Income Tax Appellate Tribunal, Chennai Bench "C" dated 13.04.2016 in ITA No. 2052/Mds/2015 and against the order of the Commissioner of Income Tax(Appeals)-3, 121, Mahatma Gandhi Road, Chennai-34, dated 09.09.2015, made in ITA No.86/CIT(A)-3/2013-14, and against the order of the Assistant Commissioner of Income Tax, Company circle-V(3), Chennai, dated 28.03.2013 made in PAN/GI.No.AACCR8160K.

For Appellant :: Mr.R. Sivaraman

For Respondent :: Mr.T. Ravikumar,
Sr. Standing Counsel

J U D G M E N T

(By Dr.Vineet Kothari,J.)

The only question which arises in the present Appeal filed by the Assessee is as hereunder:

> "Whether on facts and circumstances of the case, the Appellate Tribunal was justified in invoking Section 14A of the Income Tax Act, 1961 read with Rule 8 D of Income Tax Rules, 1962, even though the assessee had earned no exempt income in the relevant previous year?".

2. This controversy has been put to rest by the judgment dated 30.09.2020 of the Division Bench of this Court in M/s. Marg Limited Vs. Commissioner of Income Tax,Chennai in which this Court has held as hereunder:

> "22. We, therefore, dispose of the present appeal by answering question of law in favour of the Assessee and against the Revenue and by holding that the disallowance under Rule 8D of the IT Rules read with Section 14A of the Act can never exceed the exempted income earned by the Assessee during the particular assessment year and further, without recording the satisfaction by the Assessing Authority that the apportionment of such disallowable expenditure made by the Assessee with respect to the exempted income is not acceptable for reasons to be assigned the Assessing Authority, he cannot resort to the computation method under Rule 8D of the Income Tax Rules, 1962."

3. In view of the aforesaid judgment, the Appeal is disposed of by remitting the matter back to the Assessing Officer for deciding the issue regarding disallowance under Section 14A of the Income Tax Act, 1961 for the Assessment Year 2010-2011 in accordance with the law laid down by the Division Bench of this Court in the aforesaid case.

4. The Tax Case Appeal is disposed of accordingly. No costs.

Sd/-

Assistant Registrar

//True Copy//

Sub Assistant Registrar

To

1. The Income Tax Appellate Tribunal,
Chennai "C" Bench.
2. The Commissioner of Income Tax,
(Appeals)-3, 121, Mahatma Gandhi Road, Ch-34.
3. The Assistant Commissioner of Income Tax,
Company cirlce-V(3), Chennai.

+1cc to Mr.T.Ravikumar, Advocate in SR.NO..34979

T.C.A.No. 735 of 2017

BR(CO)
RV(07/12/2020)