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

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ITA No. 638/2017

PR.COMMISSIONER OF INCOME TAX-2

..... Appellant

Through: Mr. Zoheb Hossain, Senior Standing
Counsel

versus

CHL LIMITED

..... Respondent

Through: None

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ITA No. 693/2017

PR. COMMISSIONER OF INCOME TAX-2

..... Appellant

Through: Mr Zoheb Hossain, Senior Standing
Counsel

versus

CHL LIMITED

..... Respondent

Through: None

CORAM:

JUSTICE S. MURALIDHAR

JUSTICE PRATHIBA M. SINGH

ORDER

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21.08.2017

1. These appeals are directed by the Revenue against the common order dated 17th February 2017 passed by the Income Tax Appellate Tribunal



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(‘ITAT’) in ITA Nos. 4967/Del./2010 and 2801/Del./2010 for the Assessment Years (‘AYs’) 2006-07 and 2008-09 respectively.

2. Four issues have been urged by the Revenue in both these appeals. The first one concerns the disallowance under Section 14A of the Income Tax Act, 1961 (‘Act’) read with Rule 8D of the Income Tax Rules, 1962 (‘Rules’) regarding expenditure incurred for earning exempted income. It is not disputed that the said issue concerning the failure of the Assessing Officer (‘AO’) to record a satisfaction note stands answered in favour of the Assessee and against the Revenue by of the decision of the Supreme Court in *Godrej & Boyce Mfg. Co Ltd v. DCIT [2017] 394 ITR 449 (SC)*.
3. On the second issue concerning the commission paid to the directors and shareholders of the company, it was found that, as a matter of fact, the directors in question were whole-time directors. In answering the said issue in favour of the Assessee, the ITAT relied on its own earlier decision dated 27th January 2011 in the case of *CIT v. Bony Polymers Pvt. Ltd.*, which has been confirmed by this Court vide order dated 18th January 2012 passed in *CIT v. Bony Polymers Pvt. Ltd.* (ITA No. 995/2011). Consequently, the Court is not inclined to frame any question on this issue.
4. The third issue concerns the expenses incurred on training which, according to the AO, should be amortized over 4 to 5 years and be treated as capital expenditure. The learned ITAT reversed the said finding by holding that the said issue stands covered by the decisions of this Court in *CIT v. Samsung India Electronics Ltd. [2013] 356 ITR 354 (Del)* and *Omniglobe Information Tech India Pvt. Ltd. v. CIT [2014] 369 ITR 1 (Del)*.



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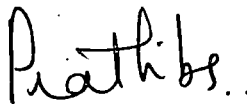
Consequently, on this issue as well, the Court is not inclined to frame any question.

5. The fourth issue concerns the interest on borrowed funds which was routed as interest free loans to the sister concerns. The ITAT has, in the impugned order, placed reliance on the decision of this Court in *CIT v. Monnet Industries Ltd. [2011] 332 ITR 627 (Del)*. The Court is not inclined to take a different view in the matter. Consequently, no substantial question of law arises on this issue as well.

6. The appeals are accordingly dismissed but, in the circumstances, with no orders as to costs.



S. MURALIDHAR, J.



Prathiba.

PRATHIBA M. SINGH, J.

AUGUST 21, 2017

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