

**Gas Limited IN THE INCOME TAX APPELLATE TRIBUNAL  
"B" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT &  
SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER**

I.T.A. No.785/Ahd/2026  
(Assessment Year: 2020-21)

The Deputy Commissioner of Income Tax, Circle 1(1)(1), Ahmedabad.	Vs.	Adani Total Gas Limited, Adani Corporate House Shantigram, Near Vaishnav Devi Circle S.G Highway, Khodiyar, Ahmedabad-382421.  [PAN :AAFCA3788 D]
<b>(Appellant)</b>	..	<b>(Respondent)</b>

<b>Appellant by :</b>	Shri Dhrunal Bhatt, AR
<b>Respondent by:</b>	Shri Abhijit, Sr.DR
<b>Date of Hearing</b>	10.06.2026
<b>Date of Pronouncement</b>	22.06.2026

**ORDER**

**PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-**

This appeal is filed by the Revenue against the appellate order dated 05.01.2026 passed by the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre(NFAC), Delhi relating to the Assessment Year 2020-21.

2. The Revenue has raised the following grounds of appeal:

*(1) Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) was justified in deleting the addition made on account of disallowance of Rs. 2,38,25,000/- under section 14A read with Rule BD of the Income-tax Rules, 1962, without appreciating the facts of the case?"*

*(2) Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) was justified in not appreciating the fact that the AO, after proper satisfaction and detailed reasoning in the assessment order, had correctly computed the disallowance under section 14A read with Rule 8D in strict conformity with the provisions of the Act and judicial precedents applicable at the time?"*

3. Brief Facts of the case are that Assessee Company is engaged in the business of trading & transportation of natural gas & manufacturing of compressed natural gas. The assessee filed its Return of Income on 21.09.2018 declaring total income of Rs. 483,44,35,000/- under normal provisions of the Act and book profit at Rs. Nil u/s. 115JB of the Act for the year under consideration. Thereafter the return of income was processed u/s 143(1) of the Act. The case of the assessee was selected for scrutiny under CASS and notice u/s. 143(2) of the Act was issued on 29.06.2021. The Appellant duly complied with all notices issued during assessment proceedings and subsequently an Assessment order u/s. 143(3) read with section 144B of the Act was passed by the Assessing Officer on 20.09.2022 assessing total income at Rs. 490,76,54,030/- and raised a demand of Rs. 31,33,00,220/-.

4. At the outset, the Ld. Counsel for the assessee submitted that AO computed the disallowance under Section 14A r.w. Rule 8D by relying upon the decision of the Hon'ble ITAT, Delhi Bench in the case of **Cheminvest Ltd.** However, the said ITAT decision has since been **reversed by the Hon'ble Delhi High Court** as reported in **61 taxmann.com 118 (Delhi)**, wherein it was categorically held **that no disallowance under Section 14A can be made in respect of investments which have not yielded any exempt income during the relevant previous year.** The Ld. Counsel also relied on the following judicial precedents.

- i. ITA No.1837/Ahd/2025 dated 12.02.2026 in the case of Adani Logistics Ltd.
- ii. ITA No.229/Ahd/2026 dated 23.03.2026 in the case of Arvind Fashions Limited
- iii. Gujarat High Court in the case of Chettinand Logistics Pvt Ltd. [2018]95 taxmann.com 250
- iv. Gujarat High Court In Correch Energy (P) Ltd (45 taxmann.com 116)

5. We find that the issue is squarely covered by the decision of Coordinate Bench of ITA in ITA No.1837/Ahd/2026 dated 12.02.2026. The relevant extract of the order is reproduced as under:

*"...6. Per contra Shri Dhrunal Bhatt, the Ld. A.R of the assessee submitted that the assessee did not earn any exempt income during the year. Under the circumstances, no disallowance u/s. 14A r.w. Rule 8D was called for. In this regard He relied upon the following decisions.*

*1. Chettinand Logistics Pvt Ltd [2018] 95 taxmann.com250 (SC)*

*Adani Green Technology Ltd. in ITA No. 446/Ahd/2025 (ITAT)*

*Harsha Enginerrrs Ltd in ITA No. 303/Ahd/2022 (ITAT)*

*iv. ACIT V. Reliance Retail Ltd [2025] 175 taxmann.com 206 (ITAT Mumbai)*

*The Ld. A.R further submitted that the provision of section 14A of the Act, was amended with effect from A.Y. 2022-23 and the disallowance can be made even if no exempt income was earned or accrued during the year. He submitted that this amendment was prospective in nature and not applicable to the current A.Y. 2020-21. In this regard he relied upon the decision of Hon'ble Gauhati High Court in the case of Williamson Financial Services Limited vs. CIT (166 taxmann.com 607).*

*7. We have considered the submissions of the assessee. There is no dispute to the fact that no exempt income was earned by the assessee during the year. Hon'ble Supreme Court has upheld the decision of Hon'ble Delhi High Court in the case of Cheatinad Logistics (P.) Ltd. (supra) that where no exempt income was earned in the relevant assessment year by the assessee, the provision of*

*Section 144 of the Act could not be invoked. Further, Hon'ble Gujarat High Court in the case of Corrttech Energy (P.) Ltd. (45 taxmann.com 116) (Gujarat) has held that if the assessee did not make any claim for exemption of any income, disallowance u/s.14A of the Act could not be made. Similarly, Hon'ble Gujarat High Court had held in the case of PCIT vs. Adani Wilmar Limited, 133 taxmann.com 443 (Guj.) that no disallowance under Section 14A of the Act can be made if the assessee did not earn any exempt income during the year. The provision of Section 144 of the Act was amended and an Explanation was inserted w.e.f. 01.04.2022, as per which the disallowance under Section 14A of the Act can be made, even if no exempt income is earned during the year. The Hon'ble Guwahati High Court in the case of Williamson Financial Services Limited vs. CIT (supra) has held that the Explanation inserted to Section 14A of the Act vide Finance Act, 2022 w.e.f 01.04.2022 is prospective in nature and cannot be presumed to have retrospective effect and applied to assessment years prior to 01.04.2022. Respectively following the judgement of Hon'ble Guwahati High Court, we are of the considered opinion that the Ld. CIT(A) had rightly deleted the addition made under Section 14A of the Act, as the assessee did not earn any exempt income during the year. Accordingly, the order of the Ld.CIT(A) on this issue is upheld. The ground taken by the Revenue is dismissed.*

6. It is an undisputed fact that assessee has not earned any exempt income. Hence, keeping in view the adage "No exempt income-No disallowance" and in view of the order of the Hon'ble High Court and Coordinate Benches of ITAT, we find no infirmity in the order of the Ld. CIT(A). Accordingly, this ground of appeal is dismissed.

7. In the result, the appeal filed by the revenue is dismissed.

**The order is pronounced in the open Court on 22.06.2026.**

**Sd/-  
(RAHUL CHAUDHARY)  
JUDICIAL MEMBER**

**Sd/-  
(DR. B.R.R. KUMAR)  
VICE-PRESIDENT**

Ahmedabad; Dated 22.06.2026  
MV

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सहायक पंजीकार (Dy./Asstt. Registrar)  
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad