

IN THE HIGH COURT OF DELHI AT NEW DELHI

ITA 241/2012

CIT Appellant

Through Mr. Deepak Chopra, sr. standing counsel with Mr. Harpreet Singh

Ajmani, Adv.

versus

AR MAGNETICS PVT LTD Respondent

Through

CORAM:

HON'BLE MR. JUSTICE SANJIV KHANNA

HON'BLE MR. JUSTICE G. P. MITTAL

O R D E R

16.04.2012

This appeal filed by the Revenue under Section 260A of the Income Tax Act, 1961 (?Act?, for short) is directed against the order dated 16.12.2011 in the case of A R Magnetics Pvt. Ltd. It relates to

assessment year 2006-07.

2. The respondent-assessee is a company and had received loan from another company Arcon (India) Pvt. Ltd. The respondent-assessee is not a

shareholder in Arcon (India) Pvt. Ltd. The Assessing Officer, however,

made an addition by invoking provisions of deemed dividend under Section

2(22)(e) of the Act on the ground that one Sanjay Bhaskar held more than

50.49% of the shares in Arcon (India) Pvt. Ltd. and also held 99.98%

shares in the respondent-assessee. The aforesaid addition made under

Section 2(22)(e) was upheld by the CIT(Appeals).

3. The Tribunal has however deleted the said addition following

decision of the jurisdictional High Court in CIT Vs. Ankitech (P) Ltd.

199 Taxman 341. The said decision has been held that deemed dividend

provisions cannot be invoked in such cases because the shareholders are

common.

4. In view of the authoritative pronouncement of this Court in

Ankitech (P) Ltd. (supra) no substantial question of law arises for

consideration. The appeal is dismissed. No costs.

SANJIV KHANNA, J

G. P. MITTAL, J

APRIL 16, 2012

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