

आयकर अपीलीय अधिकरण, 'एस.एम.सी' 'बी' न्यायपीठ, चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL ,
'SMC' 'B' BENCH, CHENNAI
श्री ए. मोहन अलंकामणी, लेखा सदस्य केसमक्ष
Before Shri A. Mohan Alankamony, Accountant Member

आयकरअपीलसं./I.T.A.No.1282/Mds/2017
(निर्धारणवर्ष / Assessment Year: 2010-11)

M/s. Bookzilla, No.5/241F, Rathna Arcade, Five Road, Meyyanur, Salem – 636 004.	Vs	The Income Tax Officer, Ward – 1(4), Chennai.
PAN: AAGFB4143B		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थीकीओरसे/ Appellant by	:	Shri T.S. Lakshmivenkatraman, CA
प्रत्यर्थीकीओरसे/Respondent by	:	Shri B. Sagadevan, JCIT

सुनवाईकीतारीख/Date of hearing	:	02.08.2017
घोषणाकीतारीख /Date of Pronouncement	:	21 .09.2017

आदेश / ORDER

This appeal by the assessee is directed against the order passed by the Ld. Commissioner of Income Tax (Appeals), Salem dated 23.03.2017 in ITA No.43/2013-14 for the assessment year 2010-11 passed U/s.250(6) r.w.s.143(3) of the Act.

2. The assessee has raised several grounds in its appeal, however the cruxes of the issue are that the Ld.CIT(A) has erred in sustaining the addition made by the Ld.AO amounting to Rs.2,26,080/- and levying interest U/s.234B & 234C of the Act.

3. The brief facts of the case are that the assessee is a firm, filed its return of income for the assessment year 2010-11 on 30.09.2010 admitting total income of Rs.2,77,170/-. The case was selected for scrutiny and final assessment order was passed U/s.143(3) of the Act on 11.03.2013, wherein the Ld.AO made addition of Rs.4,76,570/-.

4. During the course of assessment proceedings it was observed by the Ld.AO that the name of the partner of the firm Shri Ranganatha Prabhu was shown as debtor for Rs.9,68,868/- and trade debtor for Rs.9,31,550/-. It was also noticed by the Ld.AO that the assessee had debited an expenditure of Rs.1,56,355/- towards interest paid @ 12% on the loan amount received from the partner Shri Ranganatha Prabhu. Therefore the Ld.AO queried as to why the same 12% was not charged on the loan amount and trade debtors amount extended to Shri Ranganatha Prabhu the partner in the assessee firm. The assessee had submitted before the Ld.AO that there was no nexus between the amount on which interest is paid and the amount withdrawn by the partner Shri Ranganatha Prabhu and hence the interest was not charged. However, the Ld.AO rejected the explanation offered by the assessee and made addition of Rs.2,26,080/- being the amount of interest worked out at 12% on the loan and trade debts standing in the name of the partner Shri Ranganatha Prabhu. On appeal, the Ld.CIT(A) sustained the order of the Ld.AO by briefly stating that the assessee had not produced any convincing evidence in support of his claim.

5. Before me, the Ld.AR submitted that the amount advanced to the partner of the firm where out of non-interest bearing funds and therefore addition made by the Ld.Revenue authorities are not maintainable. He further requested that the matter may be remitted back to the file of Ld.AO, so that he can substantiate his claim vividly before him. The Ld.DR could not raise any serious objection for the same.

6. After hearing both sides, I'm also of the considered view that the matter should be looked afresh and in detail before making addition in the hands of the assessee. Therefore in the interest of justice, I hereby remit the matter back to the file of Ld.AO for de-nova consideration. With respect to the other issue in the appeal being levy of interest U/s. 234B & 234C of the Act, it is consequential and accordingly disposed off.

7. In the result, the appeal of the assessee is partly allowed for statistical purposes.

Order pronounced on the 21st September, 2017 at Chennai.

Sd/-

(ए. मोहन अलंकामणी)

(A. Mohan Alankamony)

लेखा सदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated 21st September, 2017

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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|------------------------|--------------------------|------------------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकर आयुक्त (अपील)/CIT(A) |
| 4. आयकर आयुक्त/CIT | 5. विभागीय प्रतिनिधि/DR | 6. गार्ड फाईल/GF |