

IN THE INCOME TAX APPELLATE TRIBUNAL  
AMRITSAR BENCH, AMRITSAR  
BEFORE SH. SANJAY ARORA, ACCOUNTANT MEMBER AND  
SH. N.K.CHOUDHRY, JUDICIAL MEMBER

**ITA No.511(Asr)/2017**  
Assessment Year:2014-15

Asst. CIT  
Range-1, Jalandhar

Vs. M/s Kapsons Industries Ltd.,  
Jalandhar

PAN:AAACK9887G

**(Appellant)**

**(Respondent)**

Appellant by: Sh. Rajeev Gubgotra (Ld. DR)  
Respondent by: Sh. S.K. Vatta (Ld.CA)

Date of hearing: 20.12.2017  
Date of pronouncement: 26.02.2018

**ORDER**

**PER N.K.CHOUDHRY, JM:**

The instant appeal has been preferred by the Revenue Department, on feeling aggrieved against the order dated 09.06.2017 passed by the Ld. CIT(A)-1, Jalandhar, in appeal No.1/10164/16-17/CIT(A)/Jalandhar, by raising the following grounds of appeal.

*“1. That on the facts in the circumstances of the case the Ld. CIT(A) has erred in law in deleting the addition of Rs.62,28,830/- made by the A.O. under section 14A of the Income Tax Act,1961.*

*2. That on the facts and in the circumstances of the case, the Ld. CIT(A) has erred in law in deleting the addition of Rs.4,23,955/- which was made by the A.O. by disallowing*

*proportionate interest free advances u/s 36(1)(iii) of the Income Tax Act, 1961.”*

**2.** The Ld. DR specifically relied upon the order passed by the Assessing Officer and submitted that the order under challenge passed by the Ld. CIT(A) suffers from illegality, impropriety and infirmity.

**3.** On the other hand, the Ld. AR submitted that the order impugned herein is based upon the orders passed by the Co-ordination Bench at ITAT, Amritsar itself for Asst. Year:2011-12, 2012-13 & 2013-14 in the case of assessee's itself, therefore, it does not require any inference by this Court.

**4.** We have gone through with the facts and circumstances of the case, we feel it appropriate to reproduce the concluding part of the impugned order.

*“05. I have carefully considered the assessment order u/s 143(3) of the Income Act and written submissions of the assessee on records. Having considered same, I hold as under:-*

*06. Since the issues involved are identical is in A.Y. 2012-13 & 2013-14, after carefully considering the same, I find myself in agreement. Respectfully following order of my predecessor for A.Y. 2012-13 in appeal no. 32/14-15/CIT(A)/Jal., dated 25.05.2015 and in A.Y. 2013-14 in appeal no. 119/15-16/CIT(A)-1/Jal, dated 31.05.2016 in case of assessee itself, I delete the addition of Rs.62,28,830/- under section 14A of Income Tax Act as challenged vide ground nos. 1, 2 and 3.*

*07. In the result, appeal is allowed.”*

We have also gone through with the order passed by the Co-ordination Bench relevant to Asst. Years:2011-12, 2012-13

and 2013-14, in which the same and identical grounds/issues have been considered by the Bench and decided accordingly. For the sake of convenience and clarity, we feel it appropriate to reproduce the crux part of the judgment dated 28.10.2016 passed in ITA No.410(Asr)/2016 for Asst. Year 2013-14.

*“6. We have heard the rival parties and have gone through the material on record. We find that the assessee vide its submissions made before the Id. CIT(A) had explained that the investment in the sister Companies was out of internal accrual generation to the tune of Rs.9.89 crores. It was submitted that the assessee had share capital and free reserves to the tune of Rs.131.27 crores. It was also submitted before the Id. CIT(A) that disallowances made under section 14A were against the rules of consistency and at no stage, the additions in the previous assessment years were made except assessment years 2010-11 to 2013- 14 and for these years also, the matter was decided in favour of the assessee. The Id. CIT(A) after going through these submissions and after relying upon number of case laws deleted the additions. We find that the investments are continuing from earlier years in which the issue has already been decided in favour of the assessee by the order of the Tribunal dated 12.08.2016. For the sake of convenience, the findings of the Tribunal, as contained in para 6 are reproduced below:*

*"6. We have heard the rival parties and have gone through the material placed on record. We find that the learned CIT(A) has deleted the addition made by Assessing Officer u/s 14A by holding that assessee had sufficient finds of its own and learned CIT(A) has also followed the orders in the case of assessee itself for Asst. Year 2010-11& 2011-12, wherein under similar facts and circumstances the addition u/s 14A was deleted. The learned C1T(A) has relied upon a number of judgments for making the deletions. We find that assessee company had substantial own capital base by way of share capital and by way of free reserves in the Asst. Years: 2011- 12 & 2012-13 of Rs.77.20 cores and 117.39 cores on which no interest was being paid by the assessee company. The learned CIT(A) has made a*

*categorical finding in this respect. The learned CTT(A) has also made a finding of fact that assessee company had earned net profit before depreciation to the extent of Rs. 17.73 cores and Rs.14.32 cores in Asst. Years: 2011-12 & 2012-13 respectively. We are in agreement with the findings of learned CIT(A) and learned DR was not able to controvert- any of the findings, therefore, we do not find any infirmity in the order of learned CIT(A) as regards Ground No.1 and therefore, the same is dismissed*

*7. Finding the issue of disallowance u/s 14A pari-materia to the facts and circumstances of the present case, we hold that the ld. CIT(A) has rightly deleted the addition u/s 14A and there is no infirmity in the order of the Id. CIT(A) and therefore, ground no.1 of the appeal is dismissed.*

*8. Now coming to Ground no. 2, we find that in this year, the AO had made disallowance of Rs.4,20,000/- as interest on interest free advances of Rs.35,00,000/- to M/s. Oriel Ventures. We find that the similar disallowance was deleted by the Id. CIT(A) in earlier year and the Tribunal had also dismissed the appeal of the Revenue. The relevant findings of the Tribunal, as contained in para-7 of its order are reproduced below.*

*7. Now coming to Ground No.2, we find that learned CIT(A) has made a finding of fact that all interest free advance made by company were clearly for business purposes and for the requirements to carry on business for assessee company and were relatable to its business transactions in the course of normal business activities. The learned CIT(A) had also made a finding of fact that assessee was having huge cash accruals. The learned CIT(A) has passed an exhaustive and speaking order and we are in controvert any of the findings and therefore, we do not find any infirmity in the order the same. In view of the above, the ground No.2 of appeal is also dismissed.*

*Therefore, respectfully following the order of the Tribunal dated 12.08.2016 in assessee' s own case for the assessment year 2012-13, we hold that the disallowance of Rs.4,20,000/- was not warranted. Accordingly, Ground No.2 is also dismissed.*

9. *Ground Nos. 3 & 4 are general in nature, hence, do not require any adjudication.*

10. *In view of the above, the appeal of the Revenue is dismissed.”*

We respectfully following the judgment passed by the Co-ordination Bench, as the issues and adjudication thereof shall also *mutatis mutandis* apply to the instant case as well, therefore, we do not find any contrary material or substance in the appeal of the Revenue Department.

**5.** In the result, the appeal filed by the Revenue Department stands dismissed.

*Order pronounced in the open Court on 26.02.2018.*

Sd/-  
(SANJAY ARORA)  
ACCOUNTANT MEMBER

Sd/-  
(N.K.CHOUDHRY)  
JUDICIAL MEMBER

Dated:26.02.2018

/PK/ Ps.

Copy of the order forwarded to:

- (1) M/s Kapsons Industries Ltd., Jalandhar
- (2) The Asst. CIT, Range-1, Jalandhar
- (3) The CIT(A)-1, Jalandhar
- (4) The CIT concerned.
- (5) The SR DR, I.T.A.T., Amritsar

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By order