

आयकर अपीलीय अधिकरण ,'बी' न्यायपीठ,चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
"B" BENCH, CHENNAI**

श्री एन. आर. एस .गणेशन, न्यायिक सदस्य एवं श्री एस जयरामन, लेखा सदस्यके समक्ष

**BEFORE SHRI N.R.S. GANESAN, JUDICIAL MEMBER AND  
SHRI S. JAYARAMAN, ACCOUNTANT MEMBER**

**आयकरअपीलसं/.I.T.A. No. 441/Chny/2018**

**निर्धारणवर्ष/Assessment Year : 2013-14**

Argus Cosmetics Ltd.,  
LVR Centre, No. 7, Seshadri Road,  
Alwarpet, Chennai – 60 018.

Deputy Commissioner of Income Tax,  
Vs. Corporate Circle – 1(1),  
Chennai – 34.

**[PAN: AACCA 8376L]**

**(अपीलार्थी/Appellant)**

**(प्रत्यर्थी/Respondent)**

Assessee by	:	Shri K. Balasubramanian, Advocate
Revenue by	:	Ms. R. Anitha, JCIT
सुनवाईकीतारीख/Date of Hearing	:	24.07.2018
घोषणाकीतारीख/Date of Pronouncement	:	24.07.2018

**आदेश/ O R D E R**

**PER S. JAYARAMAN, ACCOUNTANT MEMBER:**

The assessee filed this appeal against the order of the Commissioner of Income Tax (Appeals)- 1, Chennai, in ITA No. 16/CIT(A)-1/2016-17 dated 29.12.2017 for assessment year 2013-14.

2. M/s. Argus Cosmetics Ltd., the assessee, is engaged in the manufacturing and trading of mens' cosmetic items. While making the

assessment for assessment year 2013-14, the Assessing Officer held that the assessee had not discharged its onus in respect of unsecured loans and hence added Rs. 6,85,90,825/- u/s. 68. Further, he disallowed Rs. 26,92,660/-, representing proportionate interest on the interest free advances made to directors and related parties. Aggrieved, the assessee filed an appeal before the Ld. CIT(A). The Ld. CIT(A) sustained the addition made u/s. 68 and directed the AO to exclude the bank charges and LC charges, while working out the proportionate cost relatable to interest free loans to directors and relatives.

3. Aggrieved against the order of the Ld. CIT(A), the assessee filed this appeal. The AR submitted that the assessee has incurred significant expenses on account of advertisement and sales promotion. In order to fund them, it had borrowed money from different persons by way of cheques and utilised entirely for the purpose of business. Since, the assessee defaulted in making the repayment of loan, the parties refused to give confirmation letters. The assessee obtained the loans through financial brokers and they have refused to co-operate due to the delay in repayment and hence, the assessee was unable to produce the details. The assessee having obtained the particulars, it is in a position to prove the entire transactions and hence the AR pleaded that in the interests of justice, the case may be remitted back to the AO for a fresh examination. Per contra, the DR submitted that the AO granted opportunity to the assessee to prove its transactions. It has failed to do so. Even before the

CIT(A), the assessee has not furnished the details and hence the order of CIT(A) may be confirmed.

4. We heard the rival submissions. Since, the assessee pleads that it borrowed the impugned loan through the financial brokers, that too by cheques and it has committed default in repayment due to which it could not obtain the necessary confirmation to prove its credits, in the interests of justice, we deem it fit to remit this issue back to the AO for a fresh examination. Since, the main issue is remitted, the issue in connection with interest disallowance is also remitted back for a fresh examination. The assessee shall place all the material in its support before the AO and comply to the AO's requirements as per law. The AO is also free to conduct appropriate enquiry as deemed fit, however, he shall furnish adequate opportunity to the assessee on the material etc., to be used against it and decide the issues in accordance with law.

5. In the result, the assessee's appeal is treated as allowed for statistical purposes.

Order pronounced on Tuesday, the 24<sup>th</sup> day of July, 2018 at Chennai.

**Sd/-**

(एन.आर.एस .गणेशन)

**(N.R.S. GANESAN)**

न्यायिकसदस्य/Judicial Member

**Sd/-**

(एसजयरामन)

**(S. JAYARAMAN)**

लेखासदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated: 24<sup>th</sup> July , 2018

**JPV**

आदेशकीप्रतिलिपिअग्रेषित/Copy to:

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|------------------------|--------------------------|-----------------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकरआयुक्त) अपील(/CIT(A) |
| 4. आयकरआयुक्त/CIT      | 5. विभागीयप्रतिनिधि/DR   | 6. गार्डफाईल/GF             |