



IN THE INCOME TAX APPELLATE TRIBUNAL "A", BENCH MUMBAI

BEFORE SHRI R.C.SHARMA, AM

&

SHRI AMARJIT SINGH, JM

ITA No.2605/Mum/2017

(Assessment Year :2012-13)

DCIT- 8(3) Mumbai Central Range 8(3) R.No.659, 6 th Floor Aayakar Bhavan M.K.Road, Mumbai – 20	Vs.	M/s. Abhushan Ornaments Pvt. Ltd., 96/106, 2 nd Floor, Shekh Menon Street, Zaveri Bazar Mumbai – 400 002
PAN/GIR No.		AAHCA5665K
Appellant)	..	Respondent)

Revenue by	Shri Chaitanya Anjaria
Assessee by	Shri Valabhadas Parmar
Date of Hearing	29/08/2018
Date of Pronouncement	30/08/2018

आदेश / ORDER

PER R.C.SHARMA (A.M):

This is an appeal filed by the Revenue against the order of CIT(A)-50 Mumbai dated 28/04/2017 for A.Y.2012-13 in the matter of order passed u/s.143(3) of the IT Act.

2. The following grounds have been taken by the Revenue:-

1. "Whether in the facts and in the circumstances of the case and in law, the Id. CIT(A) justified in deleting the addition on account of disallowance of the interest claim of the assessee in relation to cash credit facility amounting to Rs. 89,99,334/- without appreciating the fact that the assessee has failed to furnish any supporting evidences for the claim being expended wholly and exclusively for the purposes of the business, either during the assessment proceedings or during the first appellate stage."

3. Rival contentions have been heard and record perused.
4. In this appeal Revenue is aggrieved for deleting disallowance of interest. From the record, we found that in the assessment order, Assessing Officer stated that the assessee has only submitted month wise interest payment schedule. But actually the assessee submitted bank statements, sanction come renewal letter for cash credit facility and month wise interest payment statement before Assessing Officer in relation to the same. It was also submitted before the AO that the cash credit account was entirely used for the purpose of business only. The interest in a deductible expenditure as per section 36(I)(iii) of the Act. However, AO did not agree and disallowed the interest paid to the bank.
5. In the course of the appellate proceedings, the assessee submitted copies of bank statements, sanction come renewal letter for cash credit facility and month wise interest payment statement.
6. By the impugned order, CIT(A) deleted the disallowance after observing as under:-

“I have gone through the assessment order and the submissions of the appellant. I find that the AO has not given any finding that interest-bearing fund was diverted for non business purpose by the appellant. On examining the balance sheet, I did not find any diversion of interest-bearing fund. Therefore, in my view, the AO was not justified in disallowing the interest claim by the appellant. Therefore, I allow the first ground of appeal.”

7. We had carefully gone through the orders of the authorities below as well as balance sheet filed by the assessee before the lower authorities

and found that there is no diversion of interest bearing funds for non-business purposes. The assessee had availed cash credit facility from Saraswat Bank to fund its stock and debtors. Going through the audited financials of the assessee, it is clear that all the investments made for the purpose of business only, accordingly there is no infirmity in the order of CIT(A) for deleting the disallowance of interest.

8. In the result, appeal of the Revenue is dismissed.

Order pronounced in the open court on this 30/08/2018

Sd/-
(AMARJIT SINGH)
JUDICIAL MEMBER

Sd/-
(R.C.SHARMA)
ACCOUNTANT MEMBER

Mumbai; Dated 30/08/2018
Karuna Sr.PS

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. The CIT(A), Mumbai.
4. CIT
5. DR, ITAT, Mumbai
6. Guard file.

BY ORDER,

सत्यापित प्रति //True Copy//

(Asstt. Registrar)
ITAT, Mumbai