

आयकर अपीलिय अधिकरण, जयपुर न्यायपीठ, जयपुर  
IN THE INCOME TAX APPELLATE TRIBUNAL,  
JAIPUR BENCHES (SMC), JAIPUR  
श्री रमेश सी शर्मा, लेखा सदस्य के समक्ष  
BEFORE: SHRI RAMESH C SHARMA, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No. 841/JP/2017  
निर्धारण वर्ष / Assessment Year: 2013-14

K.C. Parwal HUF, D-54, Siddhi Vinayak Ashoka Marg, C-Scheme, Jaipur.	बनाम Vs.	I.T.O., Ward 6(2), Jaipur.
स्थायी लेखा सं./जीआईआर सं./PAN/GIR No.: AACHK 8335 G		
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

निर्धारिती की ओर से / Assessee by: Shri Dewang Gargieya (Adv)  
राजस्व की ओर से / Revenue by : Shri Manmohan Kandpal (ACIT)

सुनवाई की तारीख / Date of Hearing : 20/11/2019  
उदघोषणा की तारीख / Date of Pronouncement : 21/11/2019

आदेश / ORDER

PER: R.C. SHARMA, A.M.

This is an appeal filed by the assessee against the order of Id.CIT(A)-2, Jaipur dated 14/08/2017 for the A.Y. 2013-14 in the matter of order passed U/s 143(3) of the Income Tax Act, 1961 (in short, the Act).

2. In this appeal, the assessee is basically aggrieved for upholding the disallowance of interest to the extent of Rs. 1,68,460/-.
3. Rival contentions have been heard and record perused. The facts in brief are that the assessee HUF has returned income from interest and

long term capital gain. The AO examined the loans and interest paid and received by the assessee during the year. It is seen that loans have been taken at different interest rates ranging from 9.5% to 24% while interest is paid to Ms Kritika Parwal at the rate of 24%. Since the rate of interest paid to Ms Kritika Parwal was found to be on the higher side the A.O. had asked the assessee to explain the same. The A.O. held that the interest paid to Ms Kritika Parwal was much higher than the interest rate at which the assessee has received the fund, accordingly, he disallowed excess interest of Rs. 1,68,460/- paid to Ms Kritika Parwal. By the impugned order, the Id. CIT(A) has confirmed the action of the A.O., against which, the assessee is in further appeal before the ITAT.

4. I have considered the rival contentions and carefully gone through the orders of the authorities below. From the record I found that during the course of assessment, the assessee was asked to furnish details of interest paid and received alongwith rate of interest. It was noticed that the karta have mostly received the interest @ 14% from various parties and paid the interest only to Kritika Parwal @ 24%. Vide note sheet entry dated 30/10/2015, the assessee was asked to furnish the justification w.r.t. excess interest paid to related party. The assessee has submitted that due to availability of funds, effective utilization of days, brokerage

factor, receipts of funds, the effective rate of interest received comes to 23.45% to 25.13%, therefore, excess interest has not been paid.

5. I found that there is opening balance of Kritika Parwal for which interest was paid for whole of year of Rs. 7,87,477/- @ 24% while the assessee has received interest @ 9.5% to 24%. However, interest received @ 24% from M/s Kritika Complex Pvt. Ltd. was duly considered in respect of interest paid. Further, no evidence of brokerage has been provided/claimed. Considering the entirety of facts and circumstances, the excess interest paid in comparison to interest paid @ 24% was correctly disallowed. Accordingly, I do not find any infirmity in the orders of the lower authorities for disallowing excess interest paid to Ms. Kritika Parwal who was related to the assessee.

6. In the result, appeal of the assessee is dismissed.

Order pronounced in the open court on 21<sup>st</sup> November, 2019

Sd/-  
(रमेश सी शर्मा)  
(RAMESH C SHARMA)  
लेखा सदस्य / Accountant Member

जयपुर / Jaipur  
दिनांक / Dated:- 21<sup>st</sup> November, 2019

\*Ranjan

आदेश की प्रतिलिपि अग्रेषित / Copy of the order forwarded to:

1. अपीलार्थी / The Appellant- Shri K.C. Parwal HUF, Jaipur.
2. प्रत्यर्थी / The Respondent- The I.T.O., Ward 6(2), Jaipur.
3. आयकर आयुक्त / CIT
4. आयकर आयुक्त(अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, जयपुर / DR, ITAT, Jaipur
6. गार्ड फाईल / Guard File (ITA No. 841/JP/2017)

आदेशानुसार / By order,

सहायक पंजीकार / Asst. Registrar