

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'A' (SMC) BENCH: CHENNAI**

श्री जॉर्ज माथन, न्यायिक सदस्य के समक्ष

**BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER**

आयकर अपील सं./ITA No.2127/Chny/2018  
निर्धारण वर्ष /Assessment Year: 2013-14

Smt. S. Sakunthala,  
No.48, Kandappa Street,  
Erode – 638 001  
Tamil Nadu

The Assistant Commissioner of  
Income Tax,  
**Vs.** Circle – 1, Income Tax Office,  
Gandhiji Road,  
Erode – 638 001.

**[PAN: AIZPS 4933P]**

**(अपीलार्थी/Appellant)**

**(प्रत्यर्थी/Respondent)**

अपीलार्थी की ओर से/ Appellant by  
प्रत्यर्थी की ओर से /Respondent by

: Mr. S. Sridhar, Erode, Advocate  
: Mr. A.R.V. Sreenivasan, JCIT

सुनवाई की तारीख/Date of Hearing

: 09.06.2020

घोषणा की तारीख /Date of Pronouncement

: 09.06.2020

**आदेश / ORDER**

**PER GEORGE MATHAN, JUDICIAL MEMBER:**

This is an appeal filed by the assessee against the order of the learned Commissioner of Income Tax (Appeals)-3, Coimbatore in appeal No.61/16-17 dated 08.06.2018 for the Assessment Year 2013-2014.

2. Mr. S. Sridhar, Erode, Advocate represented on behalf of the Assessee and Mr. A.R.V. Sreenivasan, JCIT represented on behalf of the Revenue.

3. It was submitted by the learned Authorized Representative that the only issue in the assessee's appeal is in respect of the confirmation of the disallowance of the interest expenses to an extent of Rs.11,37,571/-. It was a submission that on the ground that the assessee had diverted the interest bearing funds to its sister concerns, the Assessing Officer had disallowed the amount of Rs.11,37,571/- out of the interest expenses claimed by the assessee by computing the disallowance at the rate of 13.5% being the rate of interest that the assessee was paying on his loans to the banks. It was a submission that the advances given to the sister concerns were from the existing cash balance and the internal accruals only and not from the amount which had been taken by the assessee as loans from the banks.

4. The learned Authorized Representative had placed before me a chart containing seven pages giving the details of the amounts transferred to each of the sister concerns and the opening and closing cash balances as also the day book entries and remarks. It was a submission that these details had unfortunately not been presented by

the assessee before the Assessing Officer or the learned Commissioner of Income Tax (Appeals). It was a submission that the assessee may be granted an opportunity to substantiate his claim and produce evidences before the lower authorities.

5. In reply, the learned Departmental Representative vehemently supported the order of the learned Commissioner of Income Tax (Appeals). He drew my attention to para 7.1 of the order of the learned Commissioner of Income Tax (Appeals) . It was a submission that the assessee had not produced any of the evidences before the lower authorities. It was a prayer that the order of the learned Commissioner of Income Tax (Appeals) be upheld.

6. I have heard the rival submissions through Video-Conferencing and perused the materials available on record.

7. A perusal of the chart now filed shows the details of the funds transferred to the sister concerns and its entries in the corresponding cash book and the opening and closing cash balances. Admittedly, the assessee had not produced the evidences before the lower authorities.

In these circumstances, as the evidences are now being produced before the Tribunal, in the interest of justice, I am of the view that the assessee must be granted an opportunity to substantiate its claim before the Assessing Officer. In the circumstances, the issues in this appeal are restored to the file of the learned Assessing Officer for re-adjudication after granting the assessee adequate opportunity of being heard.

8. In the result, the appeal of the assessee in I.T.A. No.2127/Chny/2018 is partly allowed for statistical purpose.

Order pronounced in the open Court on 9<sup>th</sup> June, 2020 in Chennai.

Sd/-  
(जॉर्ज माथन)  
**(GEORGE MATHAN)**  
न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,  
दिनांक/Dated: 9<sup>th</sup> June, 2020

IA, Sr. PS

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

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