

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "B" : HYDERABAD
(THROUGH VIDEO CONFERENCE)**

**BEFORE SHRI A.MOHAN ALANKAMONY, ACCOUNTANT MEMBER
AND
SHRI S.S.GODARA, JUDICIAL MEMBER**

I.T.A. No.784/HYD/2018

Assessment Year: 2014-15

Ashok Constructions, HYDERABAD [PAN: AAPFA7813A]	Vs	Income Tax Officer, Ward-14(2), HYDERABAD
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(Appellant)

(Respondent)

For Assessee : Shri P.Murali Mohana Rao, AR
For Revenue : Shri Rohit Mujumdar, DR

Date of Hearing	: 10-03-2021
Date of Pronouncement	: 03-05-2021

ORDER

PER S.S.GODARA, J.M. :

This assessee's appeal for AY.2014-15 arises from the CIT(A)-6, Hyderabad's order dated 31-01-2018 passed in case No.0285/2016-17/A3/CIT(A)-6, in proceedings u/s.143(3) of the Income Tax Act, 1961 [in short, 'the Act'].

Heard both the parties. Case file perused.

2. It transpires at the outset that the sole issue pleaded in assessee's main as well as its additional grounds that the Assessing Officer as well as the CIT(A) have erred in law and on facts in disallowing interest claimed of Rs.74,52,751/- on the ground that it had itself agreed to the same in the course

of assessment dt.29-12-2016 as well as in the CIT(A)'s order under challenge, passed *ex-parte*.

3. Both the learned representatives reiterated their respective stands against and in support of the impugned disallowance. We notice from a perusal of the assessment order that the assessee had taken 'lease rental discounting' loan from M/s.ICICI bank of Rs.6,43,31,364/-. It stated that the same had been initially sanctioned for construction of the property by M/s.Kotak Mahindra bank. The assessee-firm's further case was that M/s.ICICI bank had in fact taken over M/s.Kotak Mahindra bank's entire loan and the excess component therein had been utilized for deriving business income. The Assessing Officer made the impugned disallowance on the ground that interest expenditure incurred on capital borrowed for acquiring a capital asset is not entitled for deduction till the date it was first put to use in business. He thus concluded that the assessee had failed to establish any nexus between its business viz-a-viz the impugned interest payment.

4. The CIT(A) has affirmed the impugned interest disallowance that the assessee's authorised representative had made a clear unequivocal concession before the Assessing Officer in favour of this disallowance.

5. We have given our thoughtful consideration to rival pleadings. Suffice to say, this case file does not indicate any such concession made by the assessee or its authorised representative before the Assessing Officer or the CIT(A) that it could not explain the relevant nexus between the capital

borrowed from M/s.ICICI bank and its utilization for business purposes.

Faced with this situation, we deem it appropriate that the learned Assessing Officer needs to re-examine the entire issue afresh within three effective opportunities of hearing. The assessee or its authorised representative is directed to appear before the Assessing Officer on or before 30-09-2021, with all the relevant details at its own risk and responsibility.

6. This assessee's appeal is treated as allowed for statistical purposes in above terms.

Order pronounced in the open court on 3rd May, 2021

Sd/-
(A. MOHAN ALANKAMONY)
ACCOUNTANT MEMBER

Sd/-
(S.S. GODARA)
JUDICIAL MEMBER

Hyderabad,
Dated: 03-05-2021

Copy to :

1.Ashok Constructions, C/o. P.Murali & Co., Chartered Accountants, 6-3-655/2/3, 1st Floor, Somajiguda, Hyderabad.

2.The Income Tax Officer, Ward-14(2), Hyderabad.

3.CIT(Appeals)-6, Hyderabad.

4.Pr.CIT-6, Hyderabad.

5.D.R. ITAT, Hyderabad.

6.Guard File.