

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'B', NEW DELHI**

Before Sh. Amit Shukla, Judicial Member

Dr. B. R. R. Kumar, Accountant Member

(Through Video Conferencing)

ITA No. 6736/Del/2017 : Asstt. Year : 2014-15

Cascade Enterprises, 4, Kaul Apartments, 39, Rajpur Road, New Delhi-110054	Vs	ACIT, Circle-35(1), New Delhi
(APPELLANT)		(RESPONDENT)
PAN No. AA AFC2088C		

Assessee by : Sh. R. K. Kapoor, CA

Revenue by : Sh. Ajay Kumar, Sr. DR

Date of Hearing: 03.08.2021

Date of Pronouncement: 09.08.2021

ORDER

Per Dr. B. R. R. Kumar, Accountant Member:

The present appeal has been filed by the assessee against the order of Id. CIT(A)-12, New Delhi dated 21.08.2017.

2. Following grounds have been raised by the assessee:

"• That the learned CIT(A) has erred in law and on the facts and circumstances of the case in confirming that the new office space being purchased by the assessee to replace its rented premises is for extension of existing business and that the disallowance of interest has to be made on interest on bank loan.

• That the learned CIT(A) has erred in law in disallowing the depreciation in respect of Jasola Property on wholly untenable and illegal grounds.

- *That the findings of the learned CIT(A) in respect of Jasola Property are self-contradictory while concluding that Jasola Property was not used by the assessee during the year under consideration.*
- *That the learned CIT(A) has grossly erred in law in holding that the usages of residential property for commercial purposes would disentitle the assessee from claiming the expenditure in respect of upkeep and maintenance of such property."*

3. During the year, the assessee has advanced sum of Rs.3,70,53,613/- to M/s Purearth Infrastructure Pvt. Ltd. for the purpose of new office premises . The AO held that the advance was given from the interest bearing funds and the assets against which the advance given was not put to use for business purpose during the year under consideration.

4. Before us, it was submitted that all the expenses and interest has been duly capitalized. Hence, there is no need to disallow the interest claimed in the P&L account. Since, it is an undeviating matter fact to examine whether the interest paid on the loans obtained from HDFC for purchase of the property is capitalized or not, the issue is referred to the AO to examine the same with a direction to the assessee to provide evidence before the AO the capitalization of interest and other expenses in connection with the acquisition of the business premises.

5. Ground No. 2 relates to depreciation of Malkagaj office and Jasola office. The AO made disallowance of expenses incurred by the assessee on account of maintenance charges, electricity, property tax, interest on loan, ground rent. The assessee has submitted that Jasola office and Malka Ganj property are being used for storage of samples and old accounts records and

Malaka Ganj property was rented out at a regular interval. The expenses have been duly allowed by the Id. CIT (A) who however, choose to disallow the depreciation.

6. We have gone through the record. We hold that both the premises have been used for the purpose of business of the assessee and all the expenses have already stands allowed by the Id. CIT (A), hence there is no impediment to allow the depreciation on the same premises.

7. In the result, the appeal of the assessee allowed.
Order Pronounced in the Open Court on 09/08/2021.

Sd/-

(Amit Shukla)
Judicial Member

Dated: 09/08/2021

Subodh

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

(Dr. B. R. R. Kumar)
Accountant Member

ASSISTANT REGISTRAR