

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'D' BENCH, CHENNAI
श्री धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य एवं श्री जी. मंजुनाथा, लेखा सदस्य के समक्ष
Before Shri Duvvuru RL Reddy, Judicial Member &
Shri G. Manjunatha, Accountant Member

आयकर अपील सं./I.T.A. No. 57/Chny/2020
निर्धारण वर्ष/Assessment Year: 2008-09

M/s. Alto Enterprises Private Ltd.,
New No. 17/1, Old No. 9, Bazulla Road,
T. Nagar, Chennai 600 017.

The Assistant Commissioner of
Income Tax, Company circle 1(4),
Chennai 600 034.

[PAN:AAECA7489E]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri K. Balasubramanian, Advocate
प्रत्यर्थी की ओर से/Respondent by : Ms. R. Anita, JCIT
सुनवाई की तारीख/ Date of hearing : 10.08.2021
घोषणा की तारीख /Date of Pronouncement : 13.08.2021

आदेश /O R D E R

PER DUVVURU RL REDDY, JUDICIAL MEMBER:

This appeal filed by the assessee is directed against the order of the Id. Commissioner of Income Tax (Appeals) 1, dated 27.09.2019 relevant to the assessment year 2008-09. The assessee has raised following grounds of appeal:

- “1.1 In the order under appeal CIT(A)-1 erred in not directing the AO to allow other expenditure debited to P & L A/c for earning interest income, excluding interest and travel expenditure.
- 1.2 Learned CIT(A)-1 erred in not following her predecessor order for AY 2007-08 for allowing all the expenditure debited to P & L A/c as the latter order has been accepted by the Department by not raising specific ground in the appeal filed by it against the latter's directions.
2. As to allowing of travel expenditure appellant is willing to abide by the directions of ITAT Chennai for AY 2007-08.

2. Brief facts of the case are that the assessee filed its return of income admitting total income of ₹.81,27,901/-. The return filed by the assessee was processed under section 143(1) of the Income Tax Act, 1961 ["Act" in short]. Subsequently, the case of the assessee was taken up for scrutiny and notice under section 143(2) of the Act was issued. After considering the details filed against the statutory notices and details available on record, the assessment under section 143(3) of the Act was completed on 20.12.2010 by assessing the total income of the assessee at ₹.1,31,45,557/-. Against the assessment order, the assessee preferred an appeal before the Id. CIT(A), which was dismissed on merits after considering the submissions of the assessee and following earlier year's appellate order. Against the appellate order, the assessee filed a petition under section 154 of the Act towards non-consideration of summary disallowances of various expenses claimed by the assessee despite raising specific grounds of appeal before the Id. CIT(A). After considering the submissions of the assessee, the Id. CIT(A) partly allowed the appeal by rejecting the claim of other expenses.

3. On being aggrieved, the assessee is in appeal before the Tribunal. The Id. Counsel for the assessee has submitted that even though the assessing Officer has recognized the business of the assessee as money lending and interest income was computed by summarily rejecting various expenses incurred and claimed by the assessee. By following the ITAT order

for the assessment year 2007-08, even though the Id. CIT(A) allowed set off of interest expenditure against interest income, the rejection of other expenses involved in assessee's business was not correct and prayed for allowing the other business expenses incurred by the assessee. On the other hand, the Id. DR supported the order passed by the Id. CIT(A).

4. We have heard both the sides, perused the materials available on record and gone through the orders of authorities below. In the assessment order, the Assessing Officer has rejected the interest expenditure and other expenses claimed by the assessee on the ground that the business of the assessee is yet to commence and the expenses on pre-operative period cannot be allowed. On appeal against the petition under section 154 of the Act, the Id. CIT(A) has allowed the interest expenditure by following the decision of the Tribunal in the assessment year 2007-08 in I.T.A. No. 1711/Mds/2013 dated 25.04.2014, wherein, it was held that the interest paid by the assessee on unsecured loans has to be set off against the interest received on loan funds deposited by the assessee on which interest income was admitted. However, by observing that the assessee has not substantiated that the expenses other than interest expenses were incurred for the purpose of business, the Id. CIT(A) rejected the claim of other expenses. In this case, interest income was recognized and the interest expenditure incurred by the assessee was also allowed by the Id. CIT(A).

Even though the business of the assessee is yet to commence, the assessee is liable to incur other miscellaneous expenses. Accordingly, we direct the Assessing Officer to allow the expenses such as advertisement – ₹.81,788/-, bank charges – ₹.3,516/-, Audit fees – ₹.16,854/-, petro charges – car – ₹.10,769/-, consultancy charges – 1,20,000/-, Rates & taxes – ₹.9,664/-, miscellaneous expenses – ₹.10,539/-, printing & stationery – ₹.290/-, computer maintenance – ₹.1,995/-, Filing fees – ₹.2,550/-, salaries – ₹.6,875/- and telephone charges ₹.3,88,772/- after verification of bills and vouchers, etc. So far as travelling expenses of ₹.14,07,632/- is concerned, in the grounds of appeal, the assessee has admitted to abide by the directions of ITAT for the assessment year 2007-08, there is no need for adjudication.

5. In the result, the appeal filed by the assessee is allowed to the above extent.

Order pronounced on the 13th August, 2021 in Chennai.

Sd/-
[जी. मंजुनाथा, लेखा सदस्य]
(G. MANJUNATHA)
ACCOUNTANT MEMBER

Sd/-
[धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य]
(DUVVURU RL REDDY)
JUDICIAL MEMBER

Chennai, Dated, 13.08.2021

Vm/-

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.