

आयकर अपीलीय अधिकरण, 'बी' (एस एम सी) न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
'B' (SMC) BENCH, CHENNAI

श्री महावीर सिंह, उपाध्यक्ष के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT**

आयकर अपील सं./ITA No.: **2490/CHNY/2019**

निर्धारण वर्ष /Assessment Year: 2014-15

**Smt. G. Jayanthi Ganesan,**  
No.4E, Alexandria Road,  
Trichy – 620 001.

**The ACIT,**  
v. Circle - 1(1)  
44, Williams Rd, Cantonment  
Trichy - 620001.

**PAN : AAIPJ 8480D**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri S. Sridhar, Advocate

प्रत्यर्थी की ओर से/Respondent by

: Shri B. Sajive, JCIT

सुनवाई की तारीख/Date of Hearing

: 09.11.2021

घोषणा की तारीख/Date of Pronouncement

: 09.11.2021

**आदेश /O R D E R**

This appeal by the assessee is arising out of the order of Commissioner of Income Tax (Appeals)-1, Trichy, in ITA No. 82/2016-17/CIT(A)-1/TRY, order dated 08.07.2019. The Assessment was framed by DCIT, Circle-I, Trichy for the assessment year 2014-15 vide order dated 23.12.2016 U/s 143(3) of the Income Tax Act, 1961 (hereinafter 'the Act').

2. The only issue in this appeal of assessee is, as regards to order of CIT(A), sustaining the addition of Rs.34,52,491/- made by the AO on the wrong presumption of absence of nexus between the interest income offered under the head 'income from other sources' in the computation of total taxable income added u/s.68 of the Act. For this, the assessee has raised various grounds numbering into 7.

3. Brief facts are that the assessee is an individual deriving income from house property, salary and other sources. The assessee for the assessment year 2014-15, filed her return of income admitting total income of Rs.11,87,920/- after claiming various deductions. The AO while framing assessment, disallowed the interest expenditure of Rs.34,52,491/- claimed u/s.57 of the Act on loan amount of Rs.2.5 crores from M/s. Cholamandalam Finance as against the income of Rs.35 lakhs shown under the head 'other sources'. The AO disallowed the interest expenditure by observing as under:-

"Disallowance of Interest Expenditure claimed to the tune of Rs.34,52,491/-

Since the assessee could not produce any evidence for the Income of Rs.35,00,000/- shown under the head 'Other Sources' and treated as unexplained credit as discussed earlier, the Interest expenditure claimed for payment of Interest to Loan Amount Rs.2.5 Crores

from Cholamandalam Finance has no nexus with the Income shown under Income from Other Sources and hence the interest expenditure of Rs.34,52,491/- claimed u/s.57 of the I.T. Act is disallowed.”

The AO added this disallowance of interest expenditure in the computation of income as 'unexplained credit' u/s.68 of the Act. Aggrieved, the assessee preferred an appeal before the CIT(A).

4. The CIT(A) confirmed the disallowance of interest expenditure by stating that there was no direct relation between the payment of interest and earning of income and moreover, the assessee is unable to produce any evidence, books of accounts or P&L account or computation of income. Hence, he confirmed the action of the AO by stating that all income received in cash has rightly been denied by the AO and set off interest payment to M/s. Reliance Capital and M/s. Cholamandalam Finance against the income shown. Accordingly, appeal of assessee is dismissed. Aggrieved the assessee came in appeal before the Tribunal.

5. Before me both, the Id. counsel for the assessee Shri S. Sridhar, Advocate as well as Id. senior Department Representative Shri B. Sajive, JCIT fairly conceded that the

Department as well as assessee has taken contradictory stands before the AO as well as CIT(A) as the facts narrated in the order of AO as well as CIT(A). Hence, both agreed that matter can be restored back to the file of the AO for fresh adjudication on this issue. Without elaborating on facts, I set aside the orders of lower authorities as consented by both the sides and remand the matter back to the file of the AO for fresh adjudication on the issue of allowance of expenditure claimed to the tune of Rs.34,52,491/- by the assessee u/s.57 of the Act as against the income disclosed under the head 'income from other sources'.

6. In the result, the appeal of the assessee is allowed for statistical purpose.

Order pronounced in the open court on 9<sup>th</sup> November, 2021 at Chennai.

Sd/-

(महावीर सिंह )

**(Mahavir Singh)**

उपाध्यक्ष /Vice President

चेन्नई/Chennai,

दिनांक/Dated, the 9<sup>th</sup> November, 2021

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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