

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

**SHRI SANJAY GARG, JUDICIAL MEMBER**

**ITA No.261/Del/2017  
Assessment Year : 2012-13**

M/s Rajshree Cotton Corporation, 2283/5, First Floor Medganj, Raui Mandi Sadar Bazar, Delhi-110006	vs	Income Tax Officer, Ward No.47(1), Drumshape Building, New Delhi
<b>PAN-AAFR7351R</b>		
<b>APPELLANT</b>		<b>RESPONDENT</b>

<b>Appellant by</b>	None
<b>Respondent by</b>	Sh. Sanjay Kumar, Sr. DR
<b>Date of Hearing</b>	22.06.2022
<b>Date of Pronouncement</b>	22.06.2022

**ORDER**

This present appeal has been preferred by the assessee against the order of the the Ld. Commissioner of Income Tax (Appeals), New Delhi, dated 18.11.2016, pertaining to AY 2012-13.

2. No one has put in appearance on behalf of the assessee despite notices issued. Therefore, I proceeded to decide the appeal on merits after hearing the Ld. DR and after going through the record.

3. The assessee in this appeal has raised following grounds of appeal.

*"1. That Ld. CIT(A) was not justified in sustaining disallowance of Rs.107699/- made by restricting rate of interest paid @ 16.8% to 15%.*

2. *That Ld. CIT(A) was not justified in sustaining 20% disallowance out of expenses except depreciation on car specified in the assessment order.*

3. *That Ld. CIT(A) was not justified in confirming both disallowance without appreciating the facts & details furnished during assessment proceedings.”*

4. Vide ground no.1 of the assessee has agitated the confirmation of addition of Rs.1,07,699/- by the Ld. CIT(A), which was made by the Assessing Officer ( in short ‘the AO’) by restricting the rate of interest paid @ 15% as against 16.8% claimed by the assessee.

5. In this case, the assessee claimed that it had paid the interest @ 16.8% to certain parties. However, the Assessing Officer found the same to be excessive and restricted the same to 15%. The Ld. CIT(A) upheld the disallowance made by the Assessing Officer on estimation basis.

6. The assessee, in this case has claimed that the interest paid by the assessee @16.8% was at normal rate in the normal course of business. The assessee has duly filed the details of interest payment with names of the payee, amount and rate of interest before the Assessing Officer. The Assessing Officer could have verified the aforesaid payments from the concerned parties. However, without making any enquiry, the Assessing Officer made the impugned disallowance on estimation basis which in my view is not justified.

The Ld. CIT(A) has also failed to look into the details furnished by the assessee. In view of these circumstance, I do not find any justification on the part of the lower authorities in restricting the interest payment @ 15%, when, the assessee has claimed that it has paid interest @ 16.8% and has duly furnished the details along with name of the parties, etc. In view of this, the impugned addition made by the lower authorities in relation to this issue is ordered to be deleted.

7. Vide ground no.2, the assessee has agitated the adhoc disallowance of 20% made on Car expenses, Office expenses, telephone expenses, travelling expenses and kitchen expenses. The lower authorities observed that the element of personal use of the facility may be involved.

8. However, after going through the record and after going through the nature of expenses, I am of the view that the disallowance @ 20% is seems to be highly excessive which has been made by the lower authorities merely on estimation basis. Considering the overall facts and circumstances of the case, the disallowance is restricted to 5% of the expenses.

9. In the result, the appeal of the assessee is treated as partly allowed.

Order pronounced in the open Court on 22.06.2022.

**Sd/-**  
**(SANJAY GARG)**  
**JUDICIAL MEMBER**

**Delhi;**  
Dated: 22/06/2022.

*Shekhar*

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT, NEW DELHI