

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

**Before Dr. B. R. R. Kumar, Accountant Member
Sh. Yogesh Kumar US, Judicial Member**

ITA No. 6371/Del/2018 : Asstt. Year. 2014-15

Vineet Sood & Sons HUF, G-53, Sarita Vihar, New Delhi-110058	Vs	ACIT, Circle-28(1), New Delhi-110002
(APPELLANT)		(RESPONDENT)
PAN No. AAHV3031Q		

**Assessee by : Sh. Rakesh Verma, CA
Revenue by : Sh. Atiq Ahmed, Sr. DR**

Date of Hearing: 01.08.2022	Date of Pronouncement: 30.08.2022
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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)-10, New Delhi dated 31.07.2018.

2. Following grounds have been raised by the assessee:

"1. That the Id. CIT(A) erred in sustaining the addition made at Rs.35,68,647/- out of expenditure on interest and further erred in ignoring the fact that there was correlation of raising of loans and advancing of loans.

2. That the Id. CIT(A) erred in sustaining addition of Rs.8,95,915/- under section 14A and further erred in ignoring the judgment of Delhi High Court in the case of Bharti Tele Ventures Ltd."

3. The assessee filed return of income declaring loss of Rs.9,05,09,042/- which has been assessed at a loss Rs.8,60,44,480/- vide order u/s 143(3).

Interest Expenditure:

4. The AO observed that the assessee has taken interest bearing loan of Rs.20,74,63,361/- and claimed an amount of Rs.3,54,32,773/- u/s 157 against the income shown u/s 56 of the Income Tax Act, 1961. The AO also observed that on detailed analysis of submission, it was noticed that a portion of the funds have been given an interest free loans which means no taxable income is being derived from. After analysis, the AO disallowed interest expenses to the tune of Rs.35,68,647/-.

5. We have examined this issue independently and find that the capital for the consequent three years of 2011-12, 2012-13 and 2013-14 stands at Rs.92.93 Cr., Rs.83.32 Cr. and Rs.90.56 Cr. respectively. The total interest free loans given were to the tune of Rs.12.16 Cr., Rs.22.82 Cr. and 22.94 Cr. The same are tabulated as under:

Particulars	2011-12	2012-13	2013-14
Capital	92,93,36,100	83,32,11,500	90,56,48,000
Interest free loans/advances	14,16,62,300	22,82,68,500	92,94,12,000

6. Thus, we find that the interest free own funds are much more than the interest free loans/advances given. Hence, relying on the order of Hon'ble Apex Court in CA No. 37 of 2019 order dated 02.01.2019 authored by Justice Dr. D.Y. Chandrachud in the case of CIT (LTPU) Vs. Reliance Industries Ltd., we hold that when the interest free funds were available to the assessee which are sufficient to meet the investment, it would be presumed that the investments were made from interest free funds available to the assessee. Hence, no disallowance on account of any interest is called for. The appeal of the assessee on this ground is allowed.

Disallowance u/s 14A:

7. The AO disallowed the following amounts u/s 14A r.w. Rule 8D:

Under Rule 8D(i) – 0

Under Rule 8D(ii) – Rs.7,72,758

Under Rule 8D(iii) – Rs.31,23,157

8. The investment in the securities was to the tune of Rs.2.46 Cr. The exempted income earned by the assessee was Rs.4,28,686/-. Since, the facts reveal that no investment was made from the interest bearing funds, we hold that no disallowance is called for. The appeal of the assessee on this ground is allowed.

9. In the result, the appeal of the assessee is allowed.

Order Pronounced in the Open Court on 30/08/2022.

Sd/-
(Yogesh Kumar US)
Judicial Member

Dated: 30/08/2022

Subodh Kumar, Sr. PS

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