

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

**BEFORE SH. N. K. BILLAIYA, ACCOUNTANT MEMBER  
AND  
MS. ASTHA CHANDRA, JUDICIAL MEMBER**

ITA No.4/Del/2021  
Assessment Year: 2016-17

<b>M/s. Arison Associates Pvt. Ltd., L-30, Basement Kailash Colony, Near DJB Tubewell No.3, New Delhi-110048 PAN No. AAFCA5898L</b>	<b>Vs</b>	<b>Income Tax Officer Ward – 3 (2) New Delhi</b>
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>

Appellant by	Sh. Gautam Jain, Advocate Sh. Lalit Mohan, CA
Respondent by	Sh. Om Prakash, Sr DR

Date of hearing:	06/07/2023
Date of Pronouncement:	10/07/2023

**ORDER**

**PER N. K. BILLAIYA, AM:**

This appeal by the assessee is preferred against the order of the CIT(A)-1, New Delhi dated 10.10.2019 pertaining to A.Y.2016-17.

2. The solitary grievance of the assessee is that the CIT(A) erred in confirming the addition of Rs.45,83,199/- made by the AO on ad-hoc basis by treating the total amount shown in non current investment / long term advances of Rs.79799134/- as interest bearing investment.

3. Representatives of both the sides were heard at length. Case records carefully perused.

4. Briefly stated that the facts of the case are that during the course of the scrutiny assessment proceedings and on perusal of bank statement of the assessee the AO found that there are deposits to the extent of Rs.55766399/- and withdrawal to the extent of Rs.55814799/-. The AO was of the opinion that the assessee has failed to explain the true nature of these transactions. The AO was of the opinion that the assessee has used this account to provide accommodation entries with some ulterior motive. The AO found that the assessee has made investments / loans and advances of Rs.79799134/- and taking a leaf out of the assessment of A.Y. 2009-10 the AO observed that the assessee has been engaged in the business of providing accommodation entries and addition @ 0.5% was made in A.Y.2009-10 and in A.Y.2011-12 also the assessee has been providing accommodation entries. However, the AO applied 7 % on the total loans and advances/ investments of Rs.79799134/- and computed the income at Rs.5585939/- and deducting the

returned income of Rs.100274/-. The AO made the addition of Rs.4583199/-.

5. Assessee carried the matter before the CIT(A) but without any success.

6. On careful consideration of the facts we are of the considered view that if the AO has accepted that the assessee has been providing accommodation entries and has been accepted as such in A.Y.2009-10 and 2011-12 then the AO should have made the addition only on account of commission income as done in the past years, therefore, in the interest of justice and fair play we direct the AO to restrict the disallowance to 0.5% of Rs.79799134/-and restrict that addition to Rs. 3.99 lacs.

7. In the result, the appeal of the assessee is accordingly partly allowed.

Order pronounced in the open court on 10.07.2023.

Sd/-

**[ASTHA CHANDRA]**  
**JUDICIAL MEMBER**

Dated: .07.2023

\*Neha\*

Copy forwarded to:

1. Appellant
2. Respondent
3. CITi
4. CIT(A)
5. DR

Sd/-

**[N.K. BILLAIYA]**  
**ACCOUNTANT MEMBER**

Asst. Registrar  
ITAT, New Delhi