

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

**BEFORE SH. SAKTIJIT DEY, VICE PRESIDENT
AND
SH. N. K. BILLAIYA, ACCOUNTANT MEMBER**

ITA No.649/Del/2020
Assessment Year: 2015-16

ACIT Circle – 30 (1) New Delhi	Vs.	Naresh Kumar 48, Basant Lok, Vasant Vihar, New Delhi-110057 PAN No.AANPK6173D
(APPELLANT)		(RESPONDENT)

Appellant by	Sh. Vipul Kashyap, Sr. DR
Respondent by	Sh. Vinay Chowla, Advocate

Date of hearing:	01/02/2024
Date of Pronouncement:	01/02/2024

ORDER

PER N. K. BILLAIYA, AM:

This appeal by the revenue is preferred against the order of the CIT(A)- 34, New Delhi dated 19.11.2019 pertaining to A.Y. 2015-16.

2. The solitary grievance of the revenue is that the CIT(A) erred in deleting the addition of Rs.27846522/- on account of disallowing deduction of interest u/s. 57 (iii) of the Act.

3. Briefly stated the facts of the case are that the assessee filed his return of income electronically on 05.12.2015 declaring total income of Rs.53475100/-.

4. The return was selected for scrutiny assessment and accordingly statutory notices were issued and served upon the assessee.

5. During the course of the scrutiny assessment proceedings the AO noticed that the assessee has claimed deduction of interest paid on borrowed funds u/s. 57 (iii) of the Act amounting to Rs.27846522/-. The AO found that the assessee has also received interest income of Rs.28978234/-. The assessee was asked to justify the claim of interest expenses with nexus between the interest income and interest expenses. Assessee filed a detailed reply which did not find any favour with the AO who completed the assessment by making addition of Rs.27846522/- .

6. Assessee agitated the matter before the CIT(A) and contended that the money borrowed by the assessee was lended to various companies in which the assessee is director. It was explained that the interest received from the money lended was set off against the interest paid on borrowed funds from Aditya Birla Finance Limited.

7. After considering the facts and the submissions the CIT(A) found that the funds were borrowed for the purpose of providing loans and advances earning interest income.

8. The CIT(A) also found that TDS is deducted by the parties before making payment of interest to the assessee. Drawing support from several judicial decisions the CIT(A) deleted the addition.

9. The DR strongly supported the findings of the AO but could not point out any factual error in the findings of the CIT(A). We find merit in the set off of the interest paid to the interest earned by the assessee and, therefore, the factual findings of the CIT(A) cannot be faulted with. Appeal of the revenue is dismissed.

10. Decision announced in the open court on 01.02.2024.

Sd/-
(SAKTIJIT DEY)
VICE PRESIDENT

Sd/-
(N.K. BILLAIYA)
ACCOUNTANT MEMBER

NEHA

Date:- .02.2024

Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT NEW DELHI