

आयकर अपीलीय अधिकरण  
दिल्ली पीठ "ए", दिल्ली  
श्री विकास अवस्थी, न्यायिक सदस्य एवं  
श्री नवीन चंद्र, लेखाकार सदस्य के समक्ष

IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "A", DELHI  
BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER &  
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER

आअसं . 1298/दिल्ली/2024 (नि . व. 2021-22)  
ITA No.1298/DEL/2024 (A.Y.2021-22)

Brinda Jajoo,  
Opp. PWD Rest House, Ratnakar Lane,  
Civil Lines, Ludhiana, Punjab 141001  
PAN: AJUPJ-4443-R

..... अपीलार्थी / Appellant

बनाम Vs.

Income Tax Officer, Ward-51(1),  
E-2 Block, Civil Centre, Minto Road,  
Delhi

..... प्रतिवादी / Respondent

अपीलार्थी द्वारा / Appellant by : Ms Vibhooti Malhotra, and  
Shri Udit Sharma, Advocates  
प्रतिवादीद्वारा / Respondent by : Shri Kanv Bali, Sr.DR  
सुनवाई की तिथि / Date of hearing : 08/08/2024  
घोषणा की तिथि / Date of pronouncement : 30/08/2024

आदेश / ORDER

**PER VIKAS AWASTHY, JM:**

This appeal by the assessee is directed against the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi [in short 'the CIT(A)'] dated 24.01.2024, for Assessment Year 2021-22.

2. The assessee in appeal has raised multiple grounds, all the ground are in respect of single issue i.e. disallowance of interest expenditure in respect of

assessee's minor son. The assessee in her return of income had also accounted for income of her minor son under the provisions of section 64(1A) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act').

3. Ms. Vibhooti Malhotra Counsel for the assessee, narrating facts of the case submitted that the assessee filed her return of income declaring total income of Rs. 3,01,210/-. The income of her minor son Vivaan Jajoo was also clubbed with the income of the assessee u/s. 64(1A) of the Act. She pointed that minor son of the assessee had interest income from advancing of loans from corpus funds he had received from his grandfather. He had also borrowed some funds on which interest was paid. The assessee had claimed netting of interest earned and interest paid in respect of her minor child. The Assessing Officer rejected contention of the assessee and taxed the entire interest income and disallowed interest expenditure in full. Aggrieved by the assessment order dated 19.10.2022, the assessee filed appeal before the CIT(A). The First Appellate Authority without appreciating the facts and submissions of the assessee upheld disallowance of interest. Hence, the present appeal.

3.1. The Id. Counsel for the assessee submitted that during assessment proceedings in reply to notice u/s. 142(1) of the Act dated 19.10.2022, the assessee furnished detailed reply on 18.11.2022, wherein, it was explained that the assessee had received interest income amounting to Rs. 20,20,471/- on loans advanced, the assessee had also taken loans which were further advanced to her minor son. Some loans were taken through Shubhashish Wealth Management Consultants LLP. The

assessee claimed netting of interest received and interest paid, however the same was denied by AO, as well as, the CIT(A).

4. Per contra, Kanv Bali representing the department vehemently defended the impugned order. He submitted that the assessee has failed to furnish details of borrowings. The nature of advances received by minor son of assessee is not emanating from submissions of the assessee and the documents on record. The CIT(A) has given a categorical finding that earning of interest by minor child is unrelated to the loans taken by the appellant and interest paid thereon. He further asserted that no material was placed on record by the assessee to substantiate that the loans taken on which interest was paid is in respect of minor child.

5. We have heard the submissions made by rival sides and have examined the orders of authorities below. The short issue for our consideration in this appeal is with regard to disallowance of interest. The income of minor child of assessee is clubbed with the assessee u/s. 64(1A) of the Act. The minor child has earned interest income which was offered to tax. Purportedly, there was some payment of interest by the minor child as well on loans taken. The assessee in computation of income claimed interest expenditure against the interest income of the minor child. The AO and CIT(A) disallowed the claim of interest expenditure as the assessee failed to substantiate that the interest expenditure was related to the loans allegedly taken by the minor child. We observe, that findings of the AO on this issue are cryptic. The AO has failed to conduct proper inquiry regarding alleged loans taken by the minor child. The CIT(A) has also passed the impugned order on the basis of shallow assessment order. Therefore, we deem it appropriate to restore

this issue back to the file of AO for fresh adjudication. The AO shall also consider the documents/submissions furnished by the assessee. In *denovo* assessment proceedings The AO shall grant reasonable opportunity of making submissions to the assessee before deciding the issue, in accordance with law.

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

Order pronounced in the open court on Friday the 30<sup>th</sup> day of August, 2024.

Sd/-

(NAVEEN CHANDRA)

लेखाकार सदस्य/ACCOUNTANT MEMBER

दिल्ली/Delhi, दिनांक/Dated /08/2024

Sd/-

(VIKAS AWASTHY)

न्यायिक सदस्य/JUDICIAL MEMBER

**NV/-**

**प्रतिलिपि अग्रेषितCopy of the Order forwarded to :**

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. The PCIT
4. विभागीय प्रतिनिधि, आय.अपी.अधि., दिल्ली /DR, ITAT, दिल्ली
5. गार्ड फाइल/Guard file.

BY ORDER,

//True Copy//

(Dy./Asstt. Registrar) ITAT, DELHI