

आयकर अपीलिय अधिकरण, जयपुर न्यायपीठ, जयपुर  
IN THE INCOME TAX APPELLATE TRIBUNAL, JAIPUR BENCHES, "SMC" JAIPUR

श्री संदीप गोसाई, न्यायिक सदस्य के समक्ष  
BEFORE: HON'BLE SHRI SANDEEP GOSAIN, JM

आयकर अपील सं./ITA No. 1078/JP/2024  
निर्धारण वर्ष/Assessment Year : 2019-20.

Shri Udai Parnami 314, Adarsh Nagar, Jaipur.	बनाम Vs.	Income Tax Officer, Ward 5(2), Jaipur.
स्थायी लेखा सं./जीआईआर सं./ PAN/GIR No. BIUPP 7732 F		
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

निर्धारिती की ओर से / Assessee by : None

राजस्व की ओर से / Revenue by : Shri Gautam Singh Chaudhary, JCIT D/R

सुनवाई की तारीख / Date of Hearing : 23/09/2024

उदघोषणा की तारीख / Date of Pronouncement : 26/9/2024

आदेश / ORDER

PER: SANDEEP GOSAIN, J.M.

This appeal by the assessee is directed against the order dated 27.06.2024 of Id. CIT (Appeals), National Faceless Appeal Centre (NFAC) passed under section 250 of the Income Tax Act, 1961 for the assessment year 2019-20. The grounds raised in the appeal are reproduced as under :-

1. CIT (A) has erred in facts and law on upholding the disallowance made by Id. AO on account of interest expenses amounting to Rs. 34,44,000/-.

2. CIT (A) has erred in facts and law passing the order without giving opportunity of being heard.
3. Consequential levy of interest u/s 234A and 234B is bad in law.
4. Consequential initiation of penalty proceedings u/s 270A of Income Tax Act, 1961 is bad in law.
5. The appellant craves to add/alter grounds of appeal before or at the time of hearing.

2. The brief facts of the case are that the assessee is an Individual, filed his return of income for the assessment year 2019-20 on 24.10.2019. The income declared comprises of income from Salary of Rs. 38,60,000/-, income from partnership business of Rs. 48,94,609/- and income from Other sources of (-) Rs. 28,98,271/-. The loss arrived at by the assessee under the head "Income from other sources" was set off against income earned under the head "Salaries", and total income of Rs. 7,94,110/- was offered to tax by the assessee after claiming deduction under chapter VIA amounting to Rs. 1,67,620/-. The case of the assessee was selected for complete scrutiny under CASS. Accordingly, notice under section 143(2) of the IT Act, 1961 was issued on 31.03.2021. Further, notices under section 142(1) were issued calling for details with respect to issues in hand to be verified. The assessee submitted relevant details through e-proceedings. On verification of the income declared under the head "Income from other sources", it was noticed by the AO that the assessee had declared interest income earned from others at Rs. 7,66,842/-. The said receipt tallied with the interest receipts reflected in Form 26AS statement of the assessee. However, it was

noticed by the AO that the assessee had claimed expenses of Rs. 42,10,841/- deductible under section 57 of the IT Act. As per AO, the expenses claimed under section 57 of the IT Act were not commensurate with the income declared under the head " Other sources", the assessee was required to furnish necessary documentary evidences justifying the claim of expenses against income earned under the head "other sources" by issue of notice under section 142(1) of the IT Act, 1961. The assessee filed his submissions which were considered by the AO but the AO was not satisfied. He observed that the assessee failed to furnish any documentary evidence to justify that entire interest expenses to the extent of Rs. 42,10,841/- were incurred in order to earn interest income of Rs. 7,62,562/-. Accordingly, the interest expenses claimed was restricted to the extent of interest income offered under section 56 of the IT Act, 1961. Hence, the interest expenditure claimed by the assessee amounting to Rs.34,48,279/- (Rs. 42,10,841 – Rs. 7,62,562) was disallowed. Aggrieved by the order of AO, the assessee preferred appeal before Ld. CIT (A). The Id. CIT (A) considering the submissions of the assessee partly allowed the appeal of the assessee vide his order dated 27.06.2024. The assessee being aggrieved, is in appeal before the Tribunal.

3. At the very outset, when the case was called for hearing neither the assessee nor his representative appeared. However, on perusal of case file, I noticed that an application dated 20<sup>th</sup> September, 2024 has been filed for seeking adjournment on the ground that assessee is busy and occupied in preparing books of accounts and other

professional engagements. To my mind, this cannot be a reason for seeking adjournment and it is dis-respect to second appellate authority. Every professional is expected to be busy in one or the other professional work but on that ground adjournment cannot be sought in a casual and cavalier manner. Therefore, adjournment application in the absence of assessee or his representative stands dismissed with cost of Rs. 1,000/- to be deposited in Prime Minister's Relief Fund.

4. On the other hand, the Id. D/R present in the court is ready with the arguments, therefore, I have decided to proceed with the hearing of the case ex parte.

5. After hearing Id. D/R and after going through the details filed before me in the shape of orders passed by the revenue authorities, I found that as per the facts of the present case, at the time of finalizing the assessment the AO after evaluating the factual position has categorically held that the assessee has failed to justify the huge interest expenditure of Rs. 42,10,841/- to earn an interest of Rs. 7,62,562/-. Accordingly, the interest expenses claimed was restricted to the extent of interest income offered under section 56 of the Income Tax Act, 1961. Although , this decision of AO was challenged before Id. CIT (Appeals) but after evaluating the factual position Id. CIT (Appeals) party allowed the appeal, but upheld the action of AO in disallowing the excessive interest expenditure of Rs. 34,48,279/-. Even before me, the assessee has failed to establish as to how the order passed by the revenue authorities are not in accordance with law, therefore, looking to the huge amount spent by the assessee to earn so meager income looks highly imprudent decision of any person. Hence, I am

also of the view that it is quite improbable for a person to spend so highly an amount of Rs. 42,10,841/- to earn just Rs. 7,62,562/-. I am also of the view that it is highly incommensurate to earn such low income as compared to the volume of money spent to earn it. Since the assessee could not rebut or controvert the findings so recorded by Id. CIT (Appeals), therefore, I have no other option, but to uphold the lawful findings so recorded by Id. CIT (Appeals). Consequently the appeal filed by the assessee stands dismissed.

6. In the result, the appeal of the assessee is dismissed.

Order pronounced in the open court on 26/09/2024.

Sd/-  
(संदीप गोसाईं)  
(SANDEEP GOSAIN)  
न्यायिक सदस्य / Judicial Member

जयपुर / Jaipur

दिनांक / Dated:- 26/09/2024.

Das/

आदेश की प्रतिलिपि अग्रेषित / Copy of the order forwarded to:

1. अपीलार्थी / The Appellant- Udai Parnami, Jaipur.
2. प्रत्यर्थी / The Respondent- ITO Ward 5(2) Jaipur.
3. आयकर आयुक्त / CIT
4. आयकर आयुक्त / CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, जयपुर / D/R, ITAT, Jaipur.
6. गार्ड फाईल / Guard File {ITA No. 1078/JP/2024}

आदेशानुसार / By order,

सहायक पंजीकार / Asst. Registrar

