

**आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ “एकल” चण्डीगढ़  
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH  
“SMC” CHANDIGARH**

**श्री संजय गर्ग, न्यायिक सदस्य  
BEFORE: SH. SANJAY GARG, JUDICIAL MEMBER**

आयकर अपील सं./ ITA No.74/CHD/2024

निर्धारण वर्ष / Assessment Year : 2017-18

Sagar Satia, Muktsar, Punjab.		The DCIT, CC-3, Ludhiana.
स्थायी लेखा सं./PAN NO: AXOPS8306C		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारिती की ओर से/Assessee by : Shri Vivek Bansal, Advocate

राजस्व की ओर से/ Revenue by : Dr. Ranjeet Kaur, Sr.DR

सुनवाई की तारीख/Date of Hearing : 30.10.2024

उद्घोषणा की तारीख/Date of Pronouncement : 04.11.2024

**VIRTUAL HEARING  
आदेश/ORDER**

The present appeal has been preferred by the assessee against the order dated 18.01.2024 of the Commissioner of Income Tax (Appeals)-5, Ludhiana (hereinafter referred to as ‘CIT(A)’) pertaining to 2017-18 assessment year.

2. The assessee is aggrieved by the action of the lower authorities in making/confirming the addition of Rs.6,15,208/- under Section 36(1)(iii) of the Income Tax Act, 1961.

2. The brief facts are that the AO noticed that the assessee during the year had made certain interest free advances to

related parties out of interest bearing funds. He, accordingly, made the disallowance under Section 36(1)(iii) of the Act by calculating interest @ 12% on the said advances. The detail of which is as under :

<i>Sr. No.</i>	<i>Name of the persons to whom loans &amp; advances given</i>	<i>Rate of Interest</i>	<i>Total amount of interest</i>
1.	<i>Gagan Satia yes Bank account</i>	<i>12%</i>	<i>4800</i>
2.	<i>Gagandeep Singh S/o Rajan Satia</i>	<i>12%</i>	<i>14959</i>
3.	<i>Neeru Satia</i>	<i>12%</i>	<i>13808</i>
4.	<i>Neeru Satia</i>	<i>12%</i>	<i>3200</i>
5.	<i>Rajan Satia HUF</i>	<i>12%</i>	<i>14729</i>
6.	<i>Rajan Satia Indl.</i>	<i>12%</i>	<i>45909</i>
7.	<i>Rajan Satia</i>	<i>12%</i>	<i>4320</i>
8.	<i>Sanalsa Satia</i>	<i>12%</i>	<i>25249</i>
9-	<i>Satia Indian Oil Store</i>	<i>12%</i>	<i>446998</i>
10.	<i>Satia Multiventures</i>	<i>12%</i>	<i>39455</i>

3. The 1d. CIT(A) confirmed the additions so made by the AO.

4. Before us the 1d. Counsel for the assessee has demonstrated that so far as the parties mentioned at Sr.No. 1 (Gagan Satia) Sr.No. 4 (Neeru Satia) and Sr.No. 7 (Rajan Satia) were concerned, the assessee during the year did not make any interest free advances to the said parties. In fact, in the balance sheet of the assessee, the amounts which the AO has taken as interest free advances, were the amounts payable by the assessee on account of amounts borrowed/interest payable by the assessee to these parties.

5. The ld. counsel has further demonstrated that so far as the party at Sr.No. 8 namely Sanalsa Satia is concerned, she is the minor daughter of the assessee and the assessee had invested the amount in Recurring Deposit in her name. That since she is minor, the said amount belonged to the assessee and there was no question of making interest free advances. He has further demonstrated that party at Sr.No.9 i.e., Satia Indian Oil Store, is the proprietorship concern of the assessee and therefore, the said party is not a separate entity. So far as the party at Sr.No. 10 is concerned, the ld. Counsel for the assessee has submitted that the assessee has 78% share in the said concern and the amount in question was on account of capital investment. The ld. Counsel for the assessee further submitted that so far as the party at Sr.No. 2, 3, 5 and 6 were concerned, the assessee had sufficient interest free funds available with it to meet the advances made to them. He in this respect has relied upon the copy of the balance sheet of the assessee as on 31.03.2017 to submit that the assessee had sufficient capital/interest free/own funds available with it to meet the investments. He has further demonstrated that there was no nexus of interest bearing funds with the amounts advanced to the said parties.

6. The ld. DR could not rebut the aforesaid facts on file.

7. In view of this, the impugned additions are not sustainable and the same are, accordingly, ordered to be deleted.

8. In the result, appeal of the assessee stands allowed.

Order pronounced on 04.11.2024.

Sd/-

( संजय गर्ग )

(SANJAY GARG )

न्यायिक सदस्य/ Judicial Member

**“Poonam”**

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)+
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File