

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ "डी", अहमदाबाद ।  
IN THE INCOME TAX APPELLATE TRIBUNAL  
" D " BENCH, AHMEDABAD

सुश्री सुचित्राकाम्बले, न्यायिक सदस्य एवं  
श्री मकरंद वसंत महादेवकर, लेखासदस्य के समक्ष।

BEFORE MS. SUCHITRA KAMBLE, JUDICIAL MEMBER  
AND  
SHRI MAKARAND V. MAHADEOKAR, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.1457/Ahd/2024  
निर्धारण वर्ष / Assessment Year : 2014-15

The Income Tax Officer Ward-3(1)(1) Ahmedabad	<u>बनाम/</u> <u>v/s.</u>	Nanalayja Power Company Ltd. 301-303, Kaivanna Complex Panchwati, Ahmedabad - 380 006 (Gujarat)
स्थायी लेखा सं./PAN: AADCN 45111 F		

<b>अपीलार्थी/ (Appellant)</b>	<b>प्रत्यर्थी/ (Respondent)</b>
Assessee by :	-None-
Revenue by :	Shri Surendra Kumar, Sr.DR

सुनवाई की तारीख/Date of Hearing : 11/11/2024  
घोषणा की तारीख /Date of Pronouncement: 12/11/2024

**आदेश/ORDER**

**PER MAKARAND V. MAHADEOKAR, AM:**

This appeal by the Revenue arises from the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) [hereinafter referred to as "CIT(A)"], dated 11/06/2024, for the Assessment Year (AY) 2014-15, wherein the CIT(A) deleted the addition of Rs.1,17,75,568/- made by the Assessing Officer [hereinafter referred to as "AO"] u/s.56 of the Act in the assessment order passed under Section 143(3) r.w.s. 147 of the Income Tax Act, 1961 [hereinafter referred to as "the Act"], dated 27/11/2019.

**Facts of the case:**

2. The AO had reopened the assessment under Section 147 of the Act on the grounds that interest income of Rs.1,17,75,568/-, earned on temporarily parked project funds, had escaped assessment. During the reassessment proceedings, the AO concluded that this interest income was liable to tax under the head "Income from Other Sources," relying on the principles laid down in the case of **Tuticorin Alkali Chemicals & Fertilizers Ltd. v. CIT [(1997) 227 ITR 172 (SC)]**.

3. In appeal, the CIT(A) held that the interest income was capital in nature, directly related to the funds used for project purposes and, hence, should be adjusted against the capital work-in-progress (CWIP). The CIT(A) relied on precedents, such as, decision of Co-ordinate Bench in the case of **Adani Power Ltd. reported at (2015) 155 ITD 239**, distinguishing the facts from Tuticorin Alkali Chemicals & Fertilizers Ltd. (supra) and deleting the addition.

4. The Revenue's primary ground before us is that the CIT(A) erred in deleting the addition made by the AO, treating the interest income as "Income from Other Sources" under Section 56 of the Act. Additionally, the Department sought leave to amend or add grounds before the final hearing, but no amendments were introduced.

5. During the course of the hearing, none appeared on behalf of assessee. The Departmental Representative (DR) confirmed that the tax effect in this

appeal is below the threshold prescribed in Circular No. 09/2024, issued by the Central Board of Direct Taxes (CBDT) on 17th September 2024. The Circular raised the monetary limits for filing appeals before various appellate authorities, with the revised limit for appeals before the Income Tax Appellate Tribunal (ITAT) being Rs.60 lakhs.

5.1. The DR further submitted that the Assessing Officer had verified and confirmed that this appeal falls within the scope of the CBDT Circular on low tax effect, and no exceptions under Paragraph No. 3.1 or 3.2 of Circular No. 5/2024 were applicable.

6. In view of the CBDT Circular No. 09/2024, which prescribes a threshold of Rs.60 lakhs as the minimum tax effect for filing appeals before the ITAT, and given that the tax effect in this case is below this threshold, we find that the Revenue's appeal is not maintainable.

6.1. In the absence of any exceptions as outlined in Circular No. 5/2024, we find that this appeal does not warrant further adjudication.

6.2. Based on the above facts and the confirmation by the DR and AO, the appeal filed by the Revenue is dismissed as non-maintainable in light of CBDT Circular No. 09/2024 on low tax effect.

7. In the result, the appeal of the Revenue stands dismissed.

**Order pronounced in the Open Court on 12<sup>th</sup> November, 2024 at Ahmedabad.**

**Sd/-  
(SUCHITRA KAMBLE)  
JUDICIAL MEMBER**

**Sd/-  
(MAKARAND V. MAHADEOKAR)  
ACCOUNTANT MEMBER**

अहमदाबाद/Ahmedabad, दिनांक/Dated 12/11/2024

*टी. सी. नायर, व. नि. स. / T.C. NAIR, Sr. PS*

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-(MFAC), Delhi
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण , राजकोट/DR,ITAT, Ahmedabad,
6. गार्ड फाईल /Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

सहायक पंजीकार (Asstt. Registrar)  
आयकर अपीलीय अधिकरण, ITAT, Ahmedabad