

**आयकरअपीलीयअधिकरण,चण्डीगढ़न्यायपीठ “एस.एम. सी” , चण्डीगढ़**  
**IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH**  
**“SMC”, CHANDIGARH**  
**HEARD THROUGH: HYBRID MODE**

**श्रीसंजयगर्ग, न्यायिकसदस्य**  
**BEFORE: SHRI. SANJAY GARG, JUDICIAL MEMBER**

आयकरअपीलसं./ ITA No. 90/Chd/ 2022  
निर्धारणवर्ष / Assessment Year : 2013-14

Vision India Colonizers Private Ltd. # 1545, Sector 7-C. Chandigarh	बनाम	The ITO Ward 6(4), Mohali
स्थायीलेखासं./PAN NO: AADCV0406H		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारितीकीओरसे/Assessee by : Shri Deepak Aggarwal, Advocate  
राजस्वकीओरसे/ Revenue by : Dr. Ranjeet Kaur, Sr. DR

सुनवाईकीतारीख/Date of Hearing : 14/11/2024  
उद्घोषणाकीतारीख/Date of Pronouncement : 04/12/2024

**आदेश/Order**

The present appeal has been preferred by the Assessee against the order of the Ld. Commissioner of Income Tax (Appeals)-2, Chandigarh (hereinafter referred to as the “Ld. CIT(A)”) dt. 31/01/2019 pertaining to Assessment Year 2013-14 passed u/s. 250(6) of the Income Tax Act, 1961 (hereinafter referred to as the “Act”).

2. The appeal is barred by 970 days. A separate application for condonation of delay has been filed, wherein, it has been pleaded that the delay period include the Covid 19 Pandemic period also. It has also been pleaded that the delay in respect of the remaining period was not intentional but due to the circumstances as mentioned in application.

3. Considering the averment made in the application the delay in filing the present appeal is hereby condoned.

4. The sole issue involved in this appeal is relating to the addition made by the lower authorities under section 36(1)(iii) of the Income Tax Act, 1961 of Rs. 17,40,308/- on account of notional interest on free advances given by the assessee.

5. At the outset, the Ld. Counsel for the Assessee, in this respect, has made twofold submissions. Firstly, that the interest free advances were given to associate concern out of own / interest free funds available with the assessee. That the interest-bearing funds were not used for the said advance. Secondly, that the advance was made to the associate concern out of business expediency and that since the assessee had deep interest in the business prospectives of associate concern. He, therefore, has contended that the provisions of Section 36(1)(iii) were not applicable in this case.

6. I find that the Ld. CIT(A) has rejected the contention of the assessee on the ground that the assessee could not establish the business expediency relating to the advancement of the amount to its associate concern. However, there is no rebuttal to the fact that the assessee was also having interest free funds with it, which were sufficient to make aforesaid the advances. Further, the advances were made to the associate concern and it has been held time and again that an assessee has deep interest in the progress of the associate concern. Considering the above submissions I do not find any justification in the part of the lower authorities in making / confirming the impugned addition under section 36(1)(iii) of the Act.

7. In the result, appeal of the Assessee is allowed.

Order pronounced in the open Court on 04/12/2024

Sd/-

**संजय गर्ग**

**(SANJAY GARG)**

**न्यायिक सदस्य / JUDICIAL MEMBER**

**AG**

**Date: 04/12/2024**

आदेशकीप्रतिलिपिअग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकरआयुक्त/ CIT
4. आयकरआयुक्त (अपील)/ The CIT(A)
5. विभागीय प्रतिनिधि, आयकरअपीलीयआधिकरण, चण्डीगढ़/ DR, ITAT,  
CHANDIGARH
6. गार्डफाईल/ Guard File

आदेशानुसार/ By order,  
सहायकपंजीकार/ Assistant Registrar