

आयकर अपीलीय अधिकरण, इंदौर न्यायपीठ, इंदौर
IN THE INCOME TAX APPELLATE TRIBUNAL
INDORE BENCH, INDORE
BEFORE SHRI B.M. BIYANI, ACCOUNTANT MEMBER
AND
SHRI PARESH M. JOSHI, JUDICIAL MEMBER

ITA No.586/Ind/2024 (AY:2010-2011)
ITA No.655/Ind/2024 (AY:2010-2011)

Chandra Kataria, 46, Advocate Colony, Idgah Hill, Bhopal	<u>बनाम/</u> Vs.	ITO 3(3) Bhopal
(Assessee/Appellant)		(Revenue/Respondent)
PAN: ABKPK4914A		
Assessee by	Shri Pawan Ved, AR	
Revenue by	Shri Ashish Porwal, Sr. DR	
Date of Hearing	22.07.2025	
Date of Pronouncement	24.07.2025	

आदेश / O R D E R

Per B.M. Biyani, AM:

The captioned two appeals have been filed by assessee against the very same order of first-appeal passed by learned Commissioner of Income-tax (Appeals), Addl/JCIT(A)-2, Mumbai ["CIT(A)"] u/s 250 of the Income-tax Act, 1961 ["the Act"], which in turn arise out of assessment-order dated 26.12.2017 passed by ITO-3(3), Bhopal ["AO"] u/s 143(3) r.w.s. 147 of the Act for Assessment-Year ["AY"] 2010-11.

2. The brief facts are such that the assessee-individual filed her return of income of AY 2010-11 u/s 139 on 29.03.2011 declaring a total income of Rs. 2,29,230/- which was assessed. Subsequently, the AO, based on certain

information regarding deposits in assessee's bank a/c, re-opened assessee's case u/s 147 through notice dated 27.03.2017 u/s 148. Finally, the AO completed re-opened assessment vide order dated 26.12.2017 after making an addition of 'notional interest income' of Rs. 12,87,000/-. Aggrieved, the assessee carried matter in first-appeal. The CIT(A) passed order dated 14.06.2024 ex-parte to assessee wherein he upheld the addition made by AO. Now, the assessee has come in next appeal before ITAT.


ITA No. 655/Ind/2024:

3. Ld. AR for assessee submitted that the assessee/appellant has due to oversight filed two appeals against the very same order of CIT(A). Therefore, one of these two captioned appeals may be dismissed straightaway. Ld. DR for revenue instantly agreed. **In view of this, we dismiss the 2nd appeal being ITA No. 655/Ind/2024.**

ITA No. 586/Ind/2024:

4. In so far this appeal is concerned, Ld. AR submitted that the issue relates to the addition of Rs. 12,87,000/- made by AO on account of 'notional interest income'. Ld. AR pointed out that in the impugned order of first-appeal which is passed ex-parte to assessee, the CIT(A) has upheld the addition made by AO but subsequently the assessee has filed a rectification application u/s 154 to CIT(A) and the Ld. CIT(A) has passed a very recent order dated 24.03.2025 u/s 154 r.w.s. 250 deleting the addition of Rs. 12,87,000/- in entirety and giving full relief to assessee. Ld. AR has filed a

copy of the order passed by CIT(A). For reference, the first page and last page of the order passed by CIT(A) are scanned and re-produced below:

 भारत सरकार / GOVERNMENT OF INDIA वित्त मंत्रालय / MINISTRY OF FINANCE आयकर विभाग / INCOME TAX DEPARTMENT राष्ट्रीय पहचान विहीन अपील केन्द्र / NATIONAL FACELESS APPEAL CENTRE (NFAC) दिल्ली / DELHI	
Order u/s 154 r.w.s 250 of the Income Tax Act 1961	
Name	: CHANDRA KATARIA
Address	:
PAN:	: ABKPK4914A
AY:	: 2010-11
DIN & Order No :	: ITBA/NFAC/F/154/2024-25/1074921573(1)
Date of the Order	: 24/03/2025
Status/Deductor Category	: Individual
Section under which order sought to be amended was passed	: 250
Date of order sought to be amended	: 14/06/2024
Application No.	: 435241630140624
Date of Application	: 15/06/2024
DIN number of the order sought to be amended	: ITBA/APL/S/250/2024-25/1065660825(1)

The appellant has filed a rectification application against the appellate order passed in the case of Chandra Kataria (hereinafter referred to as the 'appellant' or the 'assessee') for AY 2010-11. The appeal in this case was dismissed on account of non-compliance to the notices issued. The appellant in his rectification application has stated that she had made her submission on 12.06.2024 and the order was passed on 14.06.2024 without considering her submission. On perusal of the ITBA it seen that the appellant's contention is correct and this being a mistake the order passed vide no ITBA/APL/S/250/2024-25/1065660825(1) dated 14.06.2024 is being rectified.

2.Facts of the case are as under:-

Where as the assessee filled his income tax return for the A Y 2010-11 showing income earning from Interest received from other and Tailoring work. The return of Principal and interest amount received from the persons to whom loan is given is deposited in bank account by cheque, some amount is deposited in cash out of the cash which was previously withdrawal from bank for some investment reason, because of these amount is not invested then it is deposited in the bank. According to above mentioned process total deposited amount of Rs.74,79,232.00 in bank. The Ld. Assessing officer has deemed Rs.71,50,004.00 out of above deposited amount as additional Fictitious Investment and assessed Rs.12,87,000 as Fictitious Interest on such Fictitious investment and added in the total income.

ATHAR PASHA	1,00,000/-	6333/-	106333.00
BHARAT AHUJA	2,00,000/-	12667/-	212667.00
BHUMIKA KATARIA	3,70,000/-	-	370000.00
CHANCHAL SAXENA	4,00,000/-	46667/-	446667.00
CHANNAL FOUR	5,00,000/-	26163/-+TDS 3005/-	526163.00
DEVENDRA SAHU	90,000/-	-	90000.00
INDORE CAR DECORATORS	1,15,000/-	12833/-/-	127833.00
KABULI WALA	5,00,000/-	22425/-+ TDS 2500/-	522425.00
KAVITA AHUJA	1,40,000/-	-	140000.00
LAZZA ENTERPRISES	3,00,000/-	6000/-	306000.00
MADHAV DAS KATARIA	20,000/-	-	20000.00
MUKESH HORA	4,00,000/-	21333/-	421333.00
NARENDRA KATARIA	4,60,000/-	-	460000.00
PATH ENTERPRISES	1,00,000/-	2000/-	102000.00
PINCH EXPORTS STORE	70,000/-	-	70000.00
POSHAK	1,00,000/-	-	100000.00
RAJESH SADHWANI	7,50,000/-	45000/-	795000.00
SANJAY PANDEY	3,75,000/-	1800/-	376800.00
SAPNA JOTWANI	65,000/-		65000.00
VANSHIKA AGENCY	1,00,000/-	7000/-	107000.00
Total	57,05,000/-	2,34,196/-	59,33691.00

The appellant has stated that out of total advances of Rs. 57,05,000/-, amount of Rs. 14,15,000/- is given interest free to family and friends. Balance of Rs. 54,38,843/- is given on interest on which interest of Rs. 2,34,196/- has been earned. The average rate of interest comes to 5.45% yearly. The interest received has been offered to tax by the appellant. The AO has not doubted the source of the loans given and has only made addition on notional basis. In the absence of any evidence of any interest income, notional interest cannot be added. The addition made by the AO on notional basis cannot be sustained and the addition is deleted. The ground is allowed.

Appeal of the assessee is allowed.

Commissioner of Income-tax (Appeals)
Income Tax Department

5. Therefore, Ld. AR submitted that there is no surviving grievance to assessee. Ld. AR prayed this bench to close this appeal accordingly. Ld. DR for revenue instantly agreed.

6. In view of the fact that the CIT(A) has also granted full relief to assessee and the assessee does not have any surviving grievance, this appeal becomes infructuous/meritless and the same is also dismissed. We only direct the AO to give effect to the latest order dated 24.03.2025 passed by CIT(A) u/s 154 r.w.s. 250 and accordingly delete the addition made in assessment-order.

7. Resultantly, both of these appeals are dismissed.

Order pronounced in open court on 24/07/2025

Sd/-

(PARESH M. JOSHI)
JUDICIAL MEMBER

Sd/-

(B.M. BIYANI)
ACCOUNTANT MEMBER

Indore

दिनांक/ Dated : 24/07/2025

Patel/Sr. PS

Copies to: (1) The appellant
(2) The respondent
(3) CIT
(4) CIT(A)
(5) Departmental Representative
(6) Guard File

By order
Sr. Private Secretary
Income Tax Appellate Tribunal
Indore Bench, Indore