

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT  
AND  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

<b>ITA No. 2306/Bang/2025</b>
<b>Assessment Year : 2018-19</b>

Shri Mehul Parekh, No. 6, Sukhi, Kempanna Block, Kumarapark West, Bangalore – 560 020. <b>PAN: BCZPP2462H</b>	<b>Vs.</b>	The Income Tax Officer, Ward – 2(2)(1), Bangalore.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri Mohit Ashok Parmar, CA
Revenue by	:	Shri Subramanian .S, JCIT-DR

Date of Hearing	:	11-02-2026
Date of Pronouncement	:	17-02-2026

**ORDER**

**PER SOUNDARARAJAN K., JUDICIAL MEMBER**

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 06/08/2025 in respect of the A.Y. 2018-19.

**2.** The brief facts of the case are that the assessee is an individual and filed his return of income on 04/10/2018. Thereafter the case was selected for complete scrutiny and notice u/s. 143(2) as well as u/s. 142(1) were issued to the assessee. The assessee also submitted their reply and thereafter the AO sought for some more details about the interest paid and the interest received. The assessee also submitted their reply and explained that the assessee had obtained loans from individuals at 7% for the

business purpose after setting off the interest obtained from the debtors and therefore there is a loss and therefore the said excess interest paid is an eligible expense for the purpose of earning the income and therefore the said difference could not be added to the income of the assessee. The AO had not accepted the submissions. As against the said order, the assessee filed an appeal before the Ld.CIT(A). The Ld.CIT(A) sent six hearing notices and on three occasions, the assessee filed an application for adjournment and not filed any response to the other notices and therefore the Ld.CIT(A) had decided the appeal based on the materials available before him and finally dismissed the appeal.

**3.** The assessee is before this Tribunal against the said ex-parte order of the Ld.CIT(A).

**4.** At the time of hearing, the Ld.AR submitted that the assessment order is bad in law and submitted that in spite of furnishing the various documents before the AO, the AO had confirmed the disallowance being the difference between the interest paid and the interest received on the reason that the expenses are not for earning the income. The Ld.AR submitted that the assessee had by oversight not followed up the appeal filed before the Ld.CIT(A) and prayed an opportunity to appear before the AO along with the records to establish that the expenses are incurred for earning the income only.

**5.** The Ld.DR submitted that the assessee had not furnished the details before the AO as well as before the Ld.CIT(A) and therefore prayed to dismiss the appeal.

**6.** We have heard the arguments of both sides and perused the materials available on record.

**7.** We have perused the assessment order and from the said order, we found that the AO had not allowed the excess interest paid on the ground that it was not correlated that the said expenses are incurred towards

earning the income. This aspect has to be considered again by the AO and even though the appeal has been filed by the assessee against the ex-parte order of the Ld.CIT(A), we are inclined to remit this issue to the AO for fresh adjudication on terms. We therefore direct the assessee to pay a sum of Rs. 10,000/- towards the cost in the account of Prime Minister's National Relief Fund and produce the receipt before the AO before the AO is adjudicating the matter. If the assessee had not paid the cost, it is deemed that we are not giving the benefit of redoing the assessment by the AO and the order dated 26/03/2021 of the AO would revive automatically, without any further notice to this Tribunal. The assessee is also permitted to produce the documents in support of their case at the time of adjudication. With these directions, we are setting aside the orders of both the authorities and remit this issue to the file of the AO.

**8.** In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 17<sup>th</sup> February, 2026.

Sd/-  
(PRASHANT MAHARISHI)  
Vice – President

Sd/-  
(SUNDARARAJAN K.)  
Judicial Member

Bangalore,  
Dated, the 17<sup>th</sup> February, 2026.  
/MS /

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|---------------|------------------------|
| 1. Appellant  | 2. Respondent          |
| 3. CIT        | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A)              |

By order

Assistant Registrar,  
ITAT, Bangalore