

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
**IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH
BENCH 'B' CHANDIGARH**

**BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER**

आयकर अपील सं./ ITA No. 957/CHD/2025

निर्धारण वर्ष / Assessment Year : 2015-16

Shri Vimal Grover, 1473, Basement & Ground Floor, Sector 40-B, Chandigarh.	बनाम VS	The ITO, Ward 5, Yamuna Nagar.
स्थायी लेखा सं./PAN /TAN No: AAYPG3728P		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारिती की ओर से/Assessee by : Shri Ajay Jain, CA

राजस्व की ओर से/ Revenue by : Dr. Ranjit Kaur, Addl. CIT, Sr. DR

तारीख/Date of Hearing : 18.03.2026

उद्घोषणा की तारीख/Date of Pronouncement : 15.04.2026

HYBRID HEARING

आदेश/ORDER

PER RAJPAL YADAV, VP

The assessee is in appeal before the Tribunal against the order of the ld. Commissioner of Income Tax (Appeals) [in short 'the CIT (A)'] dated 01.07.2025 passed for assessment year 2015-16.

2. The assessee has taken nine grounds of appeal out of which Ground No. 1 is a general ground which does not call for recording of any specific finding, hence rejected.

GROUND NO. 2

3. The grievance of the assessee in this ground is that ld.CIT (Appeals) has erred in confirming the addition of Rs.93 lacs.

4. The brief facts of the case are that assessee has filed his return of income on 26.10.2015 declaring total income at Rs.8,12,510/-. The case of the assessee was selected for scrutiny assessment and notice u/s 143(2) of the Act was served upon the assessee. On scrutiny of the accounts, it revealed to the AO that assessee has shown a sum of Rs.93 lacs under the head 'Current Liabilities' in the audited balance sheet for assessment year 2013-14. He enquired this aspect from the assessee. This liability was shown against the name of Shri Virender Deshwal. The AO had issued notice to Shri Virender Deshwal who responded to him and submitted that he has purchased a flat No. D-20, Mahesh Apartment, Plot No. B-9,

Vasundhara Enclave, Delhi for a consideration of Rs.93 lacs and he has paid Rs.93 lacs to the assessee. The Revenue Authorities were of the view that assessee has shown a sum of Rs.93 lacs under the head "Sundry Creditor" which actually represent the sale consideration of a flat. Hence, an addition of Rs.93 lacs has been made to the total income of the assessee.

5. Before Id.CIT (Appeals), it was submitted by the assessee that real sister of the assessee Ms. Seema Aggarwal has purchased the flat No. D-201, Mahesh Apartment, Plot No. B-9, Vasundhara Enclave, Delhi on 25.08.2009 for a consideration of Rs.17,94,000/- + Stamp Duty. The sister has gifted this flat to the assessee on 07.02.2011 and assessee has paid a Stamp Duty of Rs.1,08,000/-. This flat was sold by the assessee in financial year 2013-14 for a sum of Rs.93 lacs. The working of the capital gain has been shown by the assessee as under :

i)	Sale Consideration	Rs. 93 lacs
	Less cost of acquisition	Rs. 19,73,800/700 x 939 = Rs. 26,06,750/-
ii)	Long Term Capital Gain computed by the assessee in his statement	Rs. 66,93,250/-

6. The assessee has purchased a flat at T-1/1101 Sanwor Vanalika, GH-1B, Sector 107, Noida from Mr. Naveen Manchanda on 13.03.2014 for a consideration of Rs.91,01,567/- hence no capital gain is taxable in the hands of the assessee as per Section 54 of the Act.

7. The ld.CIT (Appeals) did not accept the contentions of the assessee and confirmed the addition on the ground that assessee has shown unexplained credit in the accounts which deserves to be added in his income.

8. Before us, ld. counsel for the assessee submitted that assessment in A.Y. 2014-15 was made u/s 143(3). The ld. AO did not disturb the transaction. It was just an accounting mistake by the Tax Consultant, otherwise no taxable income is discernable in the hands of the assessee.

9. The ld. DR, on the other hand relied upon the order of the AO.

10. We have duly considered the rival contentions and gone through the record carefully. The assessee has placed on record all the relevant documents and demonstrated as to how error

has crept in in the books of account. He has basically sold a flat on 10.03.2014 which was acquired in 2011 and purchased the flat on 13.03.2014 by utilizing the sale proceeds. There is no unexplained credit in the hands of the assessee. It is just a mistake in the accounting entry in the books. The alleged creditor himself confirmed that he has purchased a flat from the assessee and made payment of Rs.93 lacs. The Accountant, instead of crediting the capital gain has shown sum of Rs.93 lacs under the head "Current Liabilities and Provisions". This is a mistake but this mistake would not result in unexplained income of Rs.93 lacs. Therefore, we are of the view that Revenue Authorities have erred in confirming the addition. Accordingly, we allow this ground of appeal and delete the addition.

GROUND NO.5

11. In this ground of appeal, grievance of the assessee is that Id.CIT (Appeals) has erred in confirming the addition of interest.

12. The brief facts of the case are that assessee has taken loan, though it was taken as a personal loan but used in the business. The assessee has submitted that sometime, on account of urgency of funds, loan was taken as a personal loan but it has

been used for the purpose of the business which is discernable from the accounts.

13. With the assistance of Id. Representative, we have gone through the record carefully. The assessee, at the relevant time was running advertisement business. According to him, he has raised personal loans which were used for the purpose of the business and therefore, claimed the interest expenditure. The only reason assigned by the AO for disallowance of interest expenditure is that loan was taken in the personal account. He has nowhere doubted about its user. No finding has been recorded whether it has been used for business purpose or not. Thus, the claim of the assessee on its user has not been doubted by both the Revenue Authorities. Accordingly, we allow this ground of appeal and delete the disallowance.

GROUND NO. 6

14. In this ground, the grievance of the assessee is that AO has erred in disallowing the interest expenditure of Rs.3,76,976/-.

15. The brief facts of the case are that assessee has taken loan for purchase of a house which has been partly used for business

purposes. He has debited the interest expenditure in the Profit & Loss Account. The AO took objection that it is a house loan and interest expenditure cannot be allowed. The assessee submitted that if it cannot be allowed as a business expenditure, then interest expenditure u/s 24 of the Income Tax Act be allowed to him on purchase of a house. The AO rejected this plea of the assessee on the ground that assessee ought to have revised the return.

16. The appeal to the CIT (Appeals) did not bring any relief to the assessee.

17. With the assistance of ld. Representative, we have gone through the record carefully. There is no dispute with regard to the fact that a loan was taken for purchase of a property. Be it a house loan or be it a property purchased for office use, the interest expenditure deserves to be allowed to the assessee. If AO is of the view that it cannot be allowed as a business expenditure, then alternate claim of the assessee for allowing of interest u/s 24 of the Act ought to have considered by the AO. Accordingly, we allow this ground of appeal and relegate this issue to the file of the AO with a direction that AO shall calculate

the interest expenditure admissible to the assessee u/s 24 of the Income Tax Act and allow this benefit to the assessee.

GROUND NO. 7

18. In this ground of appeal, the grievance of the assessee is that ld.CIT (Appeals) has erred in confirming the addition of Rs.95,000/- on account of non-deduction of TDS.

19. With the assistance of ld. Representative, we have gone through the record carefully. It emerges out from the record that assessee has paid a sum of Rs.1,45,000/- as Professional Fees. The ld.CIT (Appeals) was of the view that Rs.50,000/- was paid to an Advocate upon whom TDS was deducted. Therefore, Rs.50,000/- was allowed to the assessee as an expenditure and rest of the amount has been disallowed. It has been demonstrated before us that other payments were below the prescribed limit i.e. Rs.30,000/-. These were paid to Tax Consultants and other professionals on which no TDS liability was there. We find that ld. Revenue Authorities have erred in confirming the disallowance. It is pertinent to note that payments made by the assessee to other professionals is below the threshold limit provided u/s 194J of the Act for deducting

the TDS. Therefore, disallowance not to be made. Accordingly, we allow this ground of appeal and delete the disallowance.

GROUND NO. 8

20. In this ground of appeal, grievance of the assessee is that ld.CIT (Appeals) has erred in confirming the addition of Rs.41,000/- which was claimed as a deduction for giving donations. The ld. counsel for the assessee did not press this ground, hence, it is rejected.

GROUND NO. 8

21. The grievance of the assessee is that ld.CIT (Appeals) has confirmed adhoc disallowance of expenditure at 20%. A perusal of the paragraph 7 of the assessment order would reveal that assessee has debited a sum of Rs.8,79,159/- under the head Telephone Expenses, Depreciation on car, Travelling Expenses, Car Running Expenses etc. The ld. AO, without pointing out any defect has straightaway disallowed 20% of such expenses. He observed that assessee was directed to produce log books of vehicle expenses, telephone register which assessee failed to produce. The ld.CIT (Appeals) has confirmed the addition.

22. On due consideration of the above facts and circumstances, we are of the view that in these days, nobody keeps log book for cars or detail of telephone calls, though STD details can be discernable from the telephone bill but from mobile phone, it cannot be ascertained. The expectations of the AO are practically not possible in today's world. This process was there of prior to 2000 when STD call costs about Rs.28/- per minute but now-a-days, technology has totally changed. It is also pertinent to observe that for claiming depreciation, how AO can disallow 20%. Similarly, out of insurance, how he can disallow 20%. He has not verified this aspect in right perspective and unnecessarily disallowed the expenses. Accordingly, we allow this ground of appeal and delete the disallowance.

23. In the result, appeal of the assessee is partly allowed.

Order pronounced on 15th April, 2026.

Sd/-

(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Sd/-

(RAJPAL YADAV)
VICE PRESIDENT

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

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

सहायक पंजीकार/ Assistant Registrar