

आयकर अपीलीय अधिकरण न्यायपीठ रायपुर में।  
**IN THE INCOME TAX APPELLATE TRIBUNAL,  
RAIPUR BENCH, RAIPUR**

**(Through Virtual Court)**

**BEFORE SHRI RAVISH SOOD, JUDICIAL MEMBER  
AND  
SHRI RATHOD KAMLESH JAYANTBHAI, ACCOUNTANT MEMBER**

आयकर अपील सं. / ITA No. 153/RPR/2018

निर्धारण वर्ष / Assessment Year : 2013-14

Shri Pankaj Surana,  
(Prop. M/s. Sparsh Transport,  
501A, Lale View Apartment,  
Bandha Talab, Ganj Para,  
Durg (C.G.).  
PAN : AJGPS9020B

.....अपीलार्थी / Appellant

**बनाम / V/s.**

The Income Tax Officer,  
Ward-2(2), Durg (C.G.)

.....प्रत्यर्थी / Respondent

Assessee by : None  
Revenue by : Shri G. N. Singh, DR

सुनवाई की तारीख / Date of Hearing :23.05.2022

घोषणा की तारीख / Date of Pronouncement : 23.05.2022

**आदेश/ ORDER****PER RAVISH SOOD, JM:**

The present appeal filed by the assessee is directed against the order passed by the CIT(Appeals)-1, Raipur (C.G.) dated 30.05.2018, which in turn arises from the order passed by the A.O under Sec. 143(3) of the Income Tax Act, 1961 (for short 'the Act'), dated 23.02.2016 for assessment year 2013-14. Before us the assessee has assailed the impugned order on the following grounds of appeal:

"1. On the facts & in the circumstances of the case, the learned Assessing Officer grossly erred in addition of Rs.6,45,531/- being an expenditure of interest.

2. On the facts & in the circumstances of the case, the Learned CIT(A) has not justified in disallowing of Exps on account of interest."

2. Controversy involved in the present appeal lies in a narrow compass i.e., declining of the assessee's claim for setting-off the interest paid on the unsecured loan of Rs.6,45,531/- against the interest income of Rs.6,40,874/- earned on advancing of such amounts at interest to third parties.

3. Shorn of unnecessary details, the assessee had raised interest bearing unsecured loans, on which, interest of Rs. 6,45,531/- was paid by him. The aforesaid interest bearing borrowed funds were channelized by the assessee for advancing of interest-bearing loans to various parties, on which, interest income of

Rs.6,40,874/- was received by him. Qua the aforesaid facts, the assessee had sought for setting-off the interest paid on the borrowed funds against the aforesaid interest income so received by him. However, the AO was not persuaded to subscribe to the aforesaid claim of the assessee. Observing that the assessee had not utilized the unsecured loans for his business purposes, the A.O disallowed his aforesaid claim for setting-off of the interest paid against his interest income.

4. Aggrieved, the assessee carried the matter in appeal before the CIT(Appeals) but without any success.

5. The assessee being aggrieved with the order of the CIT(A) has carried the matter in appeal before us. As the assessee appellant despite having been intimated about the hearing of appeal has failed to put up an appearance before us, therefore, we are constrained to proceed with and dispose off the appeal as per Rule 24 of the Appellate Tribunal Rules, 1962, i.e, after hearing the respondent revenue and perusing the orders of the lower authorities.

6. We have heard the Id. Departmental Representative ("DR", for short), perused the orders of the lower authorities and the material available on record. After deliberating at length on the issue in hand we are unable to persuade ourselves to subscribe to the view taken by the lower authorities. As per Section 57(iii) of the Act, any expenditure not being in the nature of a capital expenditure, laid out or expended wholly and exclusively for the purpose of making or earning

income under the head 'income from other sources' is to be allowed as a deduction. As the interest-bearing unsecured loans were raised by the assessee with a purpose, intent and motive of earning interest income by advancing the same to third parties and, have actually been so utilized, therefore, the interest expenditure so borne by him could safely, or in fact, inescapably, be held to have been incurred wholly and exclusively for the purpose of earning of interest income. In the backdrop of our aforesaid deliberations, we are of a strong conviction that the deduction of interest expenditure of Rs.6,45,531/-, as claimed by the assessee, and rightly so, was duly allowable as a deduction u/s.57(iii) of the Act. We, thus, in terms of our aforesaid observations not finding favor with the view taken by the lower authorities set-aside the order of the CIT(Appeals) and vacate the disallowance of Rs. 6,45,531/- made by the A.O. Thus, the **Grounds of appeal No.(s) 1 & 2** raised in appeal by the assessee are allowed in terms of our aforesaid observations.

7. In the result, appeal filed by the assessee is allowed in terms of our aforesaid observations.

Order pronounced in open court on 23<sup>rd</sup> day of May, 2022.

Sd/-  
**RATHOD KAMLESH JAYANTBHAI**  
**(ACCOUNTANT MEMBER)**

Sd/-  
**RAVISH SOOD**  
**(JUDICIAL MEMBER)**

रायपुर/ RAIPUR ; दिनांक / Dated : 23<sup>rd</sup> May, 2022  
SB

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(Appeals)-1, Raipur (C.G)
4. The Pr. CIT-II, Raipur (C.G)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, रायपुर बेंच,  
रायपुर / DR, ITAT, Raipur Bench, Raipur.
6. गार्डफ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

निजी सचिव / Private Secretary  
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur.

		Date	
1	Draft dictated on	23.05.2022	Sr.PS/PS
2	Draft placed before author	23.05.2022	Sr.PS/PS
3	Draft proposed and placed before the second Member		JM/AM
4	Draft discussed/approved by second Member		AM/JM
5	Approved draft comes to the Sr. PS/PS		Sr.PS/PS
6	Kept for pronouncement on		Sr.PS/PS
7	Date of uploading of order		Sr.PS/PS
8	File sent to Bench Clerk		Sr.PS/PS
9	Date on which the file goes to the Head Clerk		
10	Date on which file goes to the A.R		
11	Date of dispatch of order		