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Document to show the turnover/gross receipts of preceding AY 2017-18:

Name of Assessee	ANKIT HEMANTBHAI DESAI		
Father's Name	MR HEMANT ISHWARLAL DESAI		
Address	PRATISHTHA TOWERS 1003-D G.D ROAD SARELAWADI SURAT GUJARAT 395001		
Address(Office)	PRATISHTHA TOWERS 1003-D G.D ROAD SARELAWADI SURAT GUJARAT 395001		
Status	Individual	Assessment Year	2017-2018
Ward	ITO (INT.TAX.) SURAT 3 (3)	Year Ended	31.3.2017
PAN	AHJPD1543N	Date of Birth	13/12/1985
Residential Status	Resident	Sex	Male
Particular of Business	Profession		
Method of Accounting	Mercantile		
A.O. Code	DLC-WARD-01		
Filing Status	Original		

Computation of Total Income 1197800

Income from Salary (Chapter IV A)

Avvatech Non-genetic Pvt Ltd		
D-1003 Pratishtha Towers Ghod Dod Road Surat GUJARAT-395001	1200000	
Salary	2200	
Professional Tax u/s 16(iii)	1197800	
		-61825

Income from House Property (Chapter IV C)

Self Occupied Property		
405 Mahima Hights Pipline Surat	-61825	
Interest u/s 24(b) (61825)	0	
145 Interest for Construction Period (0)	-61825	
Total Interest Allowed		420000

Income from Business or Profession (Chapter IV D)

From Firm SAHAJ COMMERCIALS (12.75% Share)		0	
Remuneration		0	
Interest		0	
		420000	
Income u/s 44ADA			20052

Income from Capital Gain (Chapter IV E)

Short Term Capital Gain		
Capital Gain as per Details Attached (vii)	20052	
		6404585

Income from Other Sources (Chapter IV F)

		38699	
Interest From Saving Bank A/c		6302376	
Interest From Parties		16233	
Capital Gain Bond Interest		14900	
Other Item		602327	
Interest Expense Disallowed U/s. 14A		6974535	
Less:			
Interest expense claimed	2570120	2570120	
			6404415
Income of Minor ARJUN ANKIT DESAI From		1670	
Interest From Saving Bank A/c			1670
			-1500
Less: Minor Exemption from Other Source			
Gross Total Income			7980812

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NAME OF ASSESSEE : ANKIT HEMANTBHAI DESAI A.Y. 2017-2018 PAN : AHUPD1543N

Less: Deductions (Chapter VI-A)			
u/s 80C			
LIP	29030		
		29030	
u/s 80TTA (Interest From Saving Bank Account)		10000	
u/s 80 G Donation			
Restricted According to Income(50%)	150000		
Eligible Deduction		75000	
			114030
Total Income			7866782
Round off u/s 288 A			7866780
Income Exempt u/s 10			890751
Deduction u/s 10AA,35AD, 80-I to 80RRB (except sec.80P) not claimed hence AMT not applicable.			

Tax Due		2170019
Short Term Capital Gain @ 15%		3008
Total Tax		2173027
Educational Cess		65461
		2247488
T.D.S.		1289038
		958449
Interest u/s 234 A/B/C		111480
		1073929
Deposit u/s 140A		1103000
Refundable (Round off u/s 288B)		29070

Interest Charged	(Rs.)	T.D.S/T.C.S. From	(Rs.)
u/s 234B	67380	Non-Salary(as per Annexure)	914229
u/s 234C	44112	Salary(as per Annexure)	370809

Details of Exempt Income

S.No.	Particulars	Amount
1	Profit from Firm SAHAJ COMMERCIALS	415615
2	Capital Gain(STT) as per annexure u/s 10(38)	371690
3	Dividend From Shares	84136
	Total	890751

Income Declared u/s 44 ADA - Force Salary

Gross Receipts	94000.00	
Deemed Profit	423000.00	50.00 %
Net Profit Declared	423000.00	50.00 %

Prepaid taxes (Advance tax and Self assessment tax) [26 AS Report Date 22 Oct 2017]

Sr.No.	BSR Code	Date	Challan No	Bank Name & Branch	Amount
1	0510303	28/3/2017	07900	HDFC Bank Ltd ONLINE BRANCH	1103000
	Total				1103000

Statement of Current Year Loss Adjustment

Head/Source of Income	Current Year Income	House Property Loss of the Current Year Set off	Business Loss of the Current Year Set off	Other Sources Loss of the Current Year Set off	Current Year Income Remaining after Set off
Loss to be adjusted		61625			
Salary	1197880	NIL	NIL	NIL	1197880
House Property	NIL		NIL	NIL	NIL
Business	429000	61625		NIL	367375
Speculation Business	NIL	NIL	NIL	NIL	NIL
Short term Capital Gain	29032	NIL	NIL	NIL	29032
Long term Capital Gain	NIL	NIL	NIL	NIL	NIL
Other Sources	5404568	NIL	NIL		5404568
Total Loss Set off		61625	NIL	NIL	

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Document of M/s Shridhar Construction Pvt. Ltd. to show that the interest earned from assessee had been declared to Income-tax Department:

Shridhar Construction Pvt Ltd

Interest Income (Loans)

Ledger Account

1-Apr-17 to 31-Mar-18

Page 1

Date	Particulars	Vch Type	Vch No.	Debit	Credit
31-Mar-18	Dr Interest Receivable-Ankit Desai	Journal	9		52,27,304.00
	Interest accrued on loan given to Ankit Desai, calculated @ 12.75% p.a.				
	Dr Interest Receivable-Sanket	Journal	11		15,24,896.00
	Interest charged from Sanket, @ 10.25% p.a. on he loan given.				
					67,52,200.00
	Cr **Closing Balance**			67,52,200.00	
				67,52,200.00	**67,52,200.00**

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SHRIDHAR CONSTRUCTION PVT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No.		Figures as at 31-03-18	Figures as at 31-03-17
10	**Othe Income**		
	Interest income from loans advanced	6752200.00	1500000.00
	Divident income	0.00	0.00
	Net gain/ loss on sale of investments	0.00	0.00
	Interest on Income Tax Refund	9494.00	0.00
	Other non-operating income (net of expenses directly attributable to such income)	0.00	0.00
	Total	**6761694.00**	**1500000.00**
	NOTES: Interest earned from following related parties		
	Sanket Finance & Leasing Pvt Ltd	1524896	1500000
	Ankit H Desai	5227304	
		6752200	1500000
11	**FINANCE COST**		
	Interest expenses		
	Interest Bank's Term Loans	-	-
	Interest of Other Loans and Deposits	7083801.00	1500000.00
	Others	-	-
	Applicable net gain/ loss on foreign currency transactions/ trasiation	-	-
	Total	**7083801.00**	**1500000.00**
12	**OTHER EXPENSES**		
	Auditors' Remuneration	8000.00	8000.00
	As Audit Fees	2000.00	2000.00
	For Other Matters	8000.00	8000.00
	Accounting Charges	0.00	3000.00
	Preliminery Exp. Written off	6000.00	6000.00
	Office Rent	5600.00	5600.00
	R.O.C.Related Expenses	115.00	345.00
	Bank Charges		
		29715.00	32945.00

ROMAK KAPADIA & CO. Mem 154105 SURAT CHARTERED ACCOUNTANTS

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Name of Assessee	SHRIDHAR CONSTRUCTION PRIVATE LIMITED		
Address	D-1003,PRATISHTHA TOWERS,SARELAWADI,GHOD DOD ROAD,SURAT,GUJARAT,395001		
Status	Company(Domestic)	Assessment Year	2018-2019
Ward	WARD 2(1)(2), SURAT ()	Year Ended	31.3.2018
PAN	AARCS8739C	Incorporation Date	11/07/2012
Residential Status	Resident		
Particular of Business	Manufacturing		
Method of Accounting	Mercantile		
Stock Valuation Method	Cost Price or Market Price Whichever is less		
A.O. Code	GUJ-W-404-02		
Filing Status	Original		

Computation of Total Income

Income from Business or Profession (Chapter IV D)			**-29715**
Profit as per Profit and Loss a/c		-351822	
Add:			
Add: Interest		7083801	
Total		6731979	
Less:			
Interest Income	6761694		
		6761694	
		-29715	
Income from Other Sources (Chapter IV F)			**-321607**
Interest Item		6761694	
Less:			
interest expense to the extent of the income	7083301		
		7083301	
		-321607	
Gross Total Income			**-351322**
Gross Total Income as –ve figure is not allowed in return form.			0
Total Income			**0**
Round off u/s 288 A			0
Calculation for Mat			**0**
Tax calculated @ 18.5% on Book Profit is Rs. 0			
Tax Due @ 25% (Turnover for Fin. Year 2015-16 is less than 50 Crore)		0	
T.D.S.		152490	
		-152490	
Refundable (Round off u/s 288B)		152490	

T.D.S./ T.C.S. From

Non-Salary(as per Annexure)	152490

Statement of Current Year Loss Adjustment

Head/Source of Income	Current Year Income	House Property Loss of the Current Year Set off	Business Loss of the Current Year Set off	Other Sources Loss of the Current Year Set off	Current Year Income Remaining after Set off
Loss to be adjusted			29715	321607	
House Property	NIL		NIL	NIL	NIL
Business	NIL	NIL		NIL	NIL
Speculation Business	NIL	NIL	NIL	NIL	NIL
Short term Capital Gain	NIL	NIL	NIL	NIL	NIL

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10. We have considered rival contentions of both sides and perused the orders of lower-authorities as well as the material held on record to which our attention has been drawn. The assessee in present case is aggrieved by the disallowance of interest expenditure claimed in return made by Ld. AO and partly upheld by Ld. CIT(A). The Revenue authorities have made disallowance on two-fold basis, namely (i) the alleged default in deduction of tax at source u/s 194A out of interest payment and (ii) the interest expenditure claimed by assessee is not incurred for the purpose of earning income.

11. As regards the *first* basis of disallowance i.e. the non-deduction of TDS u/s 194A, we find merit in the submission of the Ld. AR. The assessee is an individual and as per the material filed by assessee pursuant to the direction given by Bench (re-produced in earlier para), the turnover/gross receipts from business/profession in the preceding AY 2017-18 were Rs. 8,40,000/- which did not exceed the monetary limit prescribed for the purpose of the Proviso to section 194A(1). Accordingly, the assessee was not liable to deduct tax at source u/s 194A in respect of the interest payments made to resident payees. Consequently, this basis adopted by lower authorities does not have merit and rejected.

12. As regards the *second* basis of disallowance i.e. the interest expenditure was not incurred wholly and exclusively for the purpose of earning income, at first we find that the assessee had earned interest income of Rs. 1,06,89,792/- from parties against which the interest