

IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'A' : NEW DELHI)

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT
AND
SMT. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER

ITA No. 6420/Del/2025

Asstt. Year : 2019-20

YASHU IRON PRIVATE LIMITED, VS. DCIT, CC-32, DELHI
316, POCKET-8, DDA MULTI STOREY
BUILDING, DWARKA, SECTOR-12,
DELHI – 110 075

(PAN: AAACY4556E)

(Appellant)

(Respondent)

Appellant by : Sh. S.K. Gupta, CA

Respondent by : Sh. Ajay Kumar Arora, Sr. DR

Date of Hearing	28.01.2026
Date of Pronouncement	28.01.2026

ORDER

PER MAHAVIR SINGH, VP:

This appeal by the assessee is arising from the order of the Ld. CIT(A)-30, New Delhi in Appeal No. CIT(A), Delhi-30/10695/2018-19 dated 14.8.2025. Assessment was framed by the Assessing Officer, DCIT, CC-32, Delhi u/s. 147/143(3) of the Income Tax Act, 1961 dated 31.3.2024 relating to assessment year 2019-20.

2. The first issue in this appeal by the assessee on merits is as regards to the order of the CIT(A) confirming the action of the AO in making disallowance of Rs. 7,02,000/- on account of interest expenses u/s. 36(1)(iii) of the Act.

3. We have heard the rival contentions and going through the facts and circumstances of the case. We noted that AO made the disallowance of interest expenses u/s. 36(1)(iii) of the Act amounting to Rs. 7,02,000/- for the reasons that unsecured loans taken by the assessee from M/s Arti Securities and Services Ltd.

was unexplained. Therefore, the AO made the disallowance. The CIT(A) also confirmed the same.

4. Now the assessee contended that this amount of Rs. 7,02,000/- was unsecured loans carry forward from financial year 2017-18 relevant to assessment year 2018-19. The assessee's company has taken loan of Rs. 72 lacs from M/s Arti Securities and Services Ltd. in financial year 2017-18 and it has provided interest of Rs. 7,02,000/- during the year under consideration on the carry forward loan. The above interest was paid during the year under consideration which is confirmed by the other party on confirmation of accounts which is placed at assessee's paper book at page 97. We find that once the AO has accepted the genuineness of transaction, which is undisturbed in earlier years, interest cannot be disallowed in this year. Hence, we delete the addition and allow this issue of assessee's appeal on merits.

5. The next issue in this appeal of the assessee is as regards the order of the CIT(A) in confirming the addition of Rs. 7.02 lacs u/s. 69A of the Act made by the Assessing Officer.

6. We have heard the rival contentions and going through the facts and circumstances of the case. The AO noted from the seized documents that the assessee company has entry transaction of Rs. 21,06,000/- with M/s Arti Securities and Services Ltd. during the year under consideration. According to Assessing Officer, M/s Arti Securities and Services Ltd. is one of the entity controlled and managed by Deepak Agarwal and was being used as entry provider in lieu of commission on account of cash @ 3%. Therefore, the AO treated transaction of Rs. 7,02,000/- as unexplained u/s. 69A of the Act as non-genuine entry being accommodation entry taken from entry provider. Aggrieved, assessee preferred appeal before the CIT(A) who also confirmed the same. Aggrieved, assessee is in appeal before the Tribunal.

7. After hearing both the parties and going through the case records, we noted that the AO has noted from the ledger account that from the three transaction of Rs.

7,02,000/- each in the bank account of the assessee which are two contra entries one cheque came and returned without clearance. This fact has been noted by the AO in para 13.1 of his order. That means remaining entries of transaction of Rs. 7,02,000/- which relates to interest and not any credit entry. We noted that the issue of interest of Rs. 7,02,000/- has already been adjudicated in the above ground and this entry relates to that account and hence, there is no element of any unexplained entry which remains to be added u/s. 69A of the Act, hence, we delete the addition and allow this issue of assessee's appeal.

8. The third issue remains relating to commission of @3% on the above accommodation entry of Rs. 7,02,000/- being amount of Rs. 21,060/-. This being a consequential to ground no. 2, hence, the addition on this account is also deleted and this ground of appeal is allowed as such.

9. As regards issue of jurisdictional is concerned, since we have decided the issue on merit of allowing the appeal, the ground on jurisdiction became academic.

10. In the result, the appeal of the assessee is allowed.

Order pronounced in the Open Court on 28.01.2026.

Sd/-
(RENU JAUHRI)
ACCOUNTANT MEMBER

Sd/-
(MAHAVIR SINGH)
VICE PRESIDENT

Date: 29.01.2026

SRBhatnagar

Copy forwarded to: -

1. Appellant
2. Respondent
3. DIT
4. CIT (A)
5. DR, ITAT

TRUE COPY

By Order,

Assistant Registrar, ITAT, Delhi
Bench