

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "B" NEW DELHI**

**BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER  
AND  
SHRI SANJAY AWASTHI, ACCOUNTANT MEMBER**

आ.अ.सं./I.T.A No.2488/Del/2025

निर्धारणवर्ष/Assessment Year: 2016-17

PRAMOD KUMAR AGGARWAL, D-1/7, Janakpuri, New Delhi. PAN No.ACYP3845P	<b>बनाम Vs.</b>	INCOME TAX OFFICER, Income Tax Office-NFAC, Ward 49(4), New Delhi.
<b>अपीलार्थी Appellant</b>		<b>प्रत्यर्थी/Respondent</b>

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आ.अ.सं./I.T.A No.7103/Del/2025

निर्धारणवर्ष/Assessment Year: 2015-16

PRAMOD KUMAR AGGARWAL, D-1/7, Janakpuri, New Delhi. PAN No.ACYP3845P	<b>बनाम Vs.</b>	COMMISSIONER OF INCOME TAX, CIT-17, New Delhi.
<b>अपीलार्थी Appellant</b>		<b>प्रत्यर्थी/Respondent</b>

<b>Assessee by</b>	Shri Naveen Singh, CA & Ms. Divya Jain, CA
<b>Revenue by</b>	Shri Rajesh Kumar Dhanesta, Sr. DR

सुनवाईकीतारीख/ Date of hearing:	23.03.2026
उद्घोषणाकीतारीख/Pronouncement on	15.04.2026

**आदेश /O R D E R**

**PER SANJAY AWASTHI, ACCOUNTANT MEMBER:**

1. This is a batch of two appeals pertaining to the same Assessee. For the sake of convenience both these appeals are being disposed of through a single order. ITA 7103/Del/2025 pertaining to AY 2015-16 arises from order dated 26.09.2025, through order u/s 250 of the Income Tax Act, 1961 (hereafter as "the Act"), passed by Ld. CIT(A)-NFAC, Delhi. ITA

No.2488/Del/2025 arises from order u/s 250 of the Act dated 21.02.2025, passed by Ld. CIT(A)-NFAC, Delhi. The brief facts are that the assessee is proprietor of M/s P.K. Optical and is also operating a franchise of Arena Multimedia. For AY 2015-16 the Ld. AO made an addition of Rs.31,13,171/- by disallowing payment of interest to bank u/s 57(iii) of the Act. The rationale behind this addition was that such interest expenditure was not connected to the business of the assessee. For AY 2016-17 the Ld. AO made an addition of Rs.36,52,581/- again by disallowing interest paid, u/s 57(iii) of the Act.

1.1 In both the years the assessee has challenged the assumption of jurisdiction by the Ld. AO through a claim that notice u/s 143(2) of the Act was never served on him. The second substantive ground is regarding the impugned disallowances of interest paid in both the years.

2. Before us, the Ld. AR has argued and stated that the issue of service of notice was not being pressed specifically for both the years. However, it was argued that the assessee did take a loan from M/s HDF Financial Services Limited and the said loan did not carry any condition as to how it could be used by the assessee. It has also been averred that the assessee was using the loan amount for purchasing capital assets, which in turn would yield rental income, and some part of the loan was used for business and also to advance loan to others at a higher rate of interest, whereas such high yields of interest were duly disclosed in the

return of income. The Ld. AR presented substantial number of documents at the time of hearing, unfortunately without the requisite certificates about which documents were available with which level of Officer. Through these documents the Ld. AR canvassed the point that there was no bar on the assessee to utilize the loan amount for acquiring capital assets which would yield rental income and also advancing loans to others at higher rates of interest. The Ld. AR concluded his arguments by stating that in previous years, to the years under consideration, and even subsequent years, the outgo on account of interest on loan has been allowed by the AO.

2.1 The Ld. DR, on the other hand, argued that the assessee had not been able to prove a clear nexus between the interest outgo and his business and thus, was not entitled to claim any deduction u/s 37 of the Act.

3. We have carefully considered the rival submissions and have gone through the records before us. It is seen that the assessee has a number of documents in his possession which could help in establishing a nexus between the interest outgo with the business of the assessee. There is considerable finding in the Ld. AO's orders that the assessee was not able to clearly establish the desired nexus. We find that the Ld. CIT(A) has also relied mainly on the Ld. AO's findings to sustain the additions made. Considering the totality of facts and circumstances of the two cases, it is

felt that in the interest of justice, the assessee deserves to have another chance of presenting the facts. Accordingly, we set aside the impugned order and remand this matter back to the file of Ld. AO for fresh assessment. The Ld. AO would give adequate opportunity of being heard and the assessee would be at liberty to file any number of documents in support of his claim.

4. In the result, both these appeals are allowed for statistical purposes.

Order pronounced in the open court on 15.04.2026

**Sd/-**  
**(CHALLA NAGENDRA PRASAD)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(SANJAY AWASTHI)**  
**ACCOUNTANT MEMBER**

Dated: 15.04.2026

*\*Kavita Arora, Sr. P.S.*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR**  
**ITAT, NEW DELHI**