



आयकर अपीलीय अधिकरण
दिल्ली पीठ "एस एम सी", दिल्ली
श्री विकास अवस्थी, न्यायिक सदस्य

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "SMC", DELHI
BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER
आअसं. 2464/दिल्ली/2026 (नि.व. 2015-16)
ITA No.2464/DEL/2026 (A.Y.2015-16)

Priyanka Ashok,
F-31, Swati Appts, Patparganj,
Delhi 110092

PAN: AGWPA5548B

बनाम Vs.

..... अपीलार्थी/ Appellant

Assistant Commissioner of Income Tax,
Circle 59(1), Delhi

..... प्रतिवादी/ Respondent

अपीलार्थी द्वारा/ Appellant by

: S/Shir Neeraj Jain & P.K Misra,
Chartered Accountants

प्रतिवादीद्वारा/ Respondent by

: Shri Manoj Kumar, Sr. DR

सुनवाई की तिथि/ Date of hearing

: 19/05/2026

घोषणा की तिथि/ Date of pronouncement

: 19/05/2026

आदेश/ORDER

PER VIKAS AWASTHY, JM:

This appeal by the assessee is directed against the order of Additional/Joint Commissioner of Income Tax (Appeals)-1, Chandigarh [in short 'the CIT(A)'] dated 25.02.2026, for Assessment Year 2015-16

2. The limited issue for consideration in the present appeal is; Whether the addition made by the Assessing Officer (AO) by disallowing interest on loan is beyond the scope of limited scrutiny for which the case of the assessee was selected through CASS. The case of the assessee was selected for limited scrutiny through CASS for the reason – Increase in Capital.

3. Shri Neeraj Jain, appearing on behalf of the assessee submits that though the case of the assessee was selected for limited scrutiny to examine increase in capital,

the AO in assessment proceedings ventured into examining the transaction of purchase of property i.e. C-4, Jantar Mantar Road, New Delhi. The said property was purchased by the assessee on 18.02.2014 as business asset for a total consideration of Rs.11.99 crores. The funds for purchase of the said property were sourced from M/s. Pushpanjali Realms and Infratech Pvt. Ltd. as unsecured loan of Rs.1.40 crores. To substantiate the transaction of unsecured loan, the assessee placed on record, loan agreement. He further contended that the loan transaction took place in Assessment Year 2014-15. The AO examined the transaction in the subsequent assessment year i.e. 2015-16 and disallowed interest of Rs.11,20,000/- paid by the assessee. The interest amount was paid in accordance with the terms and conditions of the loan agreement. The Id. AR submitted that the AO has gone beyond his jurisdiction to examine the transaction of loan agreement, whereas, the case of the assessee was selected for limited scrutiny to examine increase in capital. He thus prayed for quashing the assessment order.

4. Per contra, Shri Manoj Kumar, representing the Department vehemently supporting the impugned order and assessment order submitted that there was increase in capital (fixed assets). The capital also represents fixed assets. The case of the assessee for A.Y. 2014-15 has been reopened to examine genuineness of the loan transaction. Accordingly, the AO in the impugned assessment year has disallowed interest thereon. He further submitted that the scope of examination conducted by the AO is well within the reason for limited scrutiny, i.e., increase in capital. He thus prayed for dismissing appeal of the assessee.

5. Both sides heard, orders of the authorities below examined. As is evident from the assessment order, the case of the assessee for A.Y. 2015-16 was selected for limited scrutiny through CASS for the reason – 'Increase in Capital'. The assessee

in assessment proceedings explained the reason for increase in capital. The AO, thereafter, diverted to examine assessee's transaction of purchase of property at C-4, Jantar Mantar Road, New Delhi as business asset. The assessee for purchase of the said property had taken unsecured loan of Rs.1.40 crores from M/s. Pushpanjali Realms and Infratech Pvt. Ltd. The said property was purchased on 18.02.2014 i.e. during FY 2013-14 relevant to A.Y. 2014-15. In my considered view, the loan taken for purchase of property in A.Y. 2014-15 could not have been examined by the AO in A.Y. 2015-16. Secondly, the transaction of unsecured loan does not fall within the ambit of 'increase in capital'. Therefore, the AO has travelled beyond his jurisdiction in limited scrutiny proceedings. It is a settled principle that where the case is selected for limited scrutiny, the AO has to confine examination to the issue for which the case was selected. The AO can expand the scope of limited scrutiny after seeking prior approval from the competent authority. No such approval is available on record in the instant case.

6. For the reasons stated above, I find merit in appeal of the assessee. The impugned order is quashed and appeal of the assessee is allowed.

Order pronounced in the open court on Tuesday the 19th day of May, 2026.

Sd/-

(VIKAS AWASTHY)

न्यायिक सदस्य/JUDICIAL MEMBER

दिल्ली/Delhi, दिनांक/Dated /05/2026

NV/-

प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. The PCIT/CIT(A)
4. विभागीय प्रतिनिधि, आय.अपी.अधि. , दिल्ली /DR, ITAT, दिल्ली
5. गार्ड फाइल/Guard file.

BY ORDER,

//True Copy//

(Asstt. Registrar) ITAT, DELHI