Principal Commissioner of Income Tax-5, Kolkata v. Tapan Kanti Roy

ITAT224/2025 with IA GA1/2025 and GA2/2025

ITAT224/2025 with IA GA1/2025 and GA2/2025 (Calcutta High Court, 2026-03-11) | 2026-03-11

Loan addition deletion sustained on documented capacity, interest and repayment; Revenue appeal raised no substantial question.

Income-tax Act,1961: sections 68, 69C

High Court at Calcutta | 2-judge bench (Division Bench) | Justice Rajarshi Bharadwaj | Justice Uday Kumar

Assessment years: Not specified in order text

01 FACTS OF THE CASE

The Court condoned 132 days' delay in Revenue's appeal concerning Tapan Kanti Roy. The recorded tax effect was Rs.60,74,381 and Revenue invoked clause 3.1(h) of Circular 5/2024. The Court reproduced the ITAT order dated 20 January 2025, recording loan documents, interest payments with TDS and repayments during FY 2011-12 to 2013-14.

Source: PDF pp.1–2, quoted para 4

02 DISCUSSION BY THE HON'BLE COURT

The quoted Tribunal reasoning considered Lily's capital, share premium and loan assets, including the taxpayer's borrowing, and the absence of adverse findings in the lender's assessments produced. It noted that the lender's AY 2011-12 assessment had not been produced. The High Court accepted the identity, creditworthiness and genuineness analysis and found no substantial question.

Source: PDF pp.2–4, quoted reasoning and disposal

03 JUDICIAL DECISION

Revenue's appeal was dismissed and the connected application disposed of. The Tribunal's deletion under sections 68 and 69C remained intact.

Source: PDF p.4, disposal

04 OUTCOME / IN WHOSE FAVOUR

Assessee successful on the loan-related additions addressed in this appeal.

Source: PDF p.4

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Repayment corroborated the explanation: Interest with TDS and subsequent repayment supported the documentary explanation; they were not presented in isolation. The Tribunal also examined the lender's resources. This combination matters because repayment alone does not necessarily explain the origin or capacity behind the initial credit. (PDF pp.2–3, quoted para 4)

Capacity was assessed from the lender's balance sheet: The recorded capital of Rs.27.72 lakh, premium of Rs.6.41 crore and loan assets of Rs.1,95,92,371 supplied the financial setting for the Tribunal's conclusion. The judgment does not separately adjudicate the valuation or taxability of the lender's premium. Those figures serve the capacity enquiry in this borrower's case. (PDF p.3, quoted reasoning)

The lender's assessment year is not automatically the borrower's: The source expressly notes that Lily's AY 2011-12 assessment was not produced. That reference cannot safely be relabelled as the assessee's year under appeal, which this short order does not identify. The Court's acceptance of the three section 68 elements should be used with that evidentiary limit and the underlying loan record. (PDF pp.3–4)

Source: PDF pp.2–3, quoted para4

SOURCE & VERIFICATION

High Court at Calcutta official judgment PDF - AKHB Repository (20260311_WBCHCO0044152025.pdf)

Complete 4-page original read and every page visually reviewed; source bytes verified. Commentary is editorial analysis of this order, not current-law clearance.

Full original and all five note panels re-reviewed on 21 October 2026; unsupported supplied assertions removed.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Only provisions expressly stated in this order are indexed. Subsequent treatment and current law have not been independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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