

**SURYAIN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "G", NEW DELHI**

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI PRASHANT MAHARISHI, ACCOUNTANT MEMBER**

I.T.A. No.6803/DEL/2014
Assessment Year:2010-11

M/s Swami Hitech Projects Limited B-532, Nehru Ground NIT Faridabad TAN/PAN:AAICS7754C (Appellant)	v.	Addl. CIT Range II Faridabad (Respondent)
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Appellant by:	Shri Rakesh Gupta, Advocate		
Respondent by:	Shri S.S. Rana CIT (DR)		
Date of hearing:	26	10	2017
Date of pronouncement:	26	10	2017

ORDER

PER AMIT SHUKLA, J.M.:

The aforesaid appeal has been filed by the assessee against impugned order dated 3/11/2014 passed by the Id. CIT (Appeals)-2, Faridabad for the quantum of assessment passed under section 143(3) of the Income Tax Act, 1961 for assessment year 2010-11.

2. The brief facts qua the issue raised are that the assessee-company is engaged in the business of civil construction and trading in building materials and shares. During the course of assessment proceedings, the Assessing Officer noted that assessee has claimed following expenses under different heads:-

i) Staff welfare	: Rs.1,77,666/-
ii) Conveyance and travelling	: Rs.3,32,450/-
iii) Miscellaneous expenses	: <u>Rs.1,09,084/-</u>
	<u>Rs.6,19,200/-</u>

3. The Assessing Officer noted that the aforesaid expenses are not fully vouched and accordingly, he proceeded to make ad hoc disallowance of 50%.

4. Similarly, under the head “repair and maintenance” on account of plant & machinery and others, assessee has claimed an amount of Rs.2,67,838/- for which Assessing Officer noted that some of the vouchers were paid in cash and were personal in nature not related to the business of the assessee. Hence, he made lump sum disallowance of Rs.1 lakh.

5. Before the Id. CIT(A), assessee submitted that the books of account were produced before the Assessing Officer and no specific instance has been pointed out so as to justify the said disallowance. The Id. CIT (A) however, confirmed the said addition.

6. After hearing both the parties and on a perusal of the relevant findings given in the impugned orders, we find that the Assessing Officer has proceeded to make disallowance on the ground that either the expenses are not fully vouched or some of them are personal in nature. While doing so he has not specified or quantified the expenses which are not vouched or can be

reckoned as personal in nature. Looking to the fact that assessee is maintaining regular books of account and is a corporate entity wherein personal element cannot be the relevant criteria, such a disallowance of 50% appears to be too high and excessive, specifically when no specific instance has been pointed out by either of the authorities. Under the facts and circumstances of the case that some of the expenses have been held to be not fully vouched, we are of the opinion that 10% of disallowance would be reasonable which can be held to be incurred for non-business purposes or not verifiable. Consequently relief is allowed under both these heads and disallowance is restricted to 10% in place of 50% made by the Assessing Officer and confirmed by the Id. CIT (A).

7. In the result, appeal of the assessee is partly allowed.

Order pronounced in the open Court on 26th October, 2017.

Sd/-
[PRASHANT MAHARISHI]
ACCOUNTANT MEMBER

Sd/-
[AMIT SHUKLA]
JUDICIAL MEMBER

DATED: 30th October, 2017

JJ:

Copy forwarded to:

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

Assistant Registrar

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