

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

**BEFORE SHRI R. K. PANDA, ACCOUNTANT MEMBER  
AND  
MS SUCHITRA KAMBLE, JUDICIAL MEMBER**

**ITA No. 383/DEL/2015 ( A.Y 2009-10)**

Richa Fashion (P) Ltd. C/o. Mayank Jain, Advocate, Jain Singh and Company, 2, Central Lane (Basement), Bengali Market New Delhi AAFCR1814B <b>(APPELLANT)</b>	Vs	DCIT Cirlice-15(1) New Delhi  <b>(RESPONDENT)</b>
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<b>Appellant by</b>	<b>Sh. Aditya Jain, Adv</b>
<b>Respondent by</b>	<b>Sh. R. C. Dandey, SR. DR</b>

<b>Date of Hearing</b>	<b>28.09.2017</b>
<b>Date of Pronouncement</b>	<b>08.11.2017</b>

**ORDER**

**PER SUCHITRA KAMBLE**

This appeal is filed by the assessee against the order dated 10/12/2015 passed by CIT(A)-7, New Delhi.

2. The grounds of appeal are as under:-

- “1. That the disallowances confirmed by the Ld. CIT(A) in the impugned order are unsustainable in law and facts and deserve to be deleted.
2. That the Ld.CIT(A) erred on law and facts in confirming the disallowance to the extent of Rs.1,75,000/- on account of

*wages and overtime paid to the employees by the appellant.*

3. *That the Ld.CIT(A) erred on law and facts in confirming the disallowance of Rs.94,293/- out of foreign travel expenses and holding the same as expenses incurred for non-business purposes.*
4. *That the findings pertaining to the impugned disallowances are perverse in as much as they are arbitrary and ad hoc.*
5. *That the charge of interest u/s 234B & Section 234C of the Act is opposed to facts and law and in the alternate is excessive.”*

3. The assessee is engaged in the business of manufacturing and export of readymade garments. Return declaring taxable income of Rs.9,33,73,720/- was filed on 29/09/2012 . The case was selected for scrutiny. Notice u/s 143(2)/142(1) was issued to the assessee. The Assessing Officer made an addition of Rs.3.5 lakh in respect of employees benefit expenses and also addition of Rs.94,293/- u/s 37(1).

4. Being aggrieved by the same, the assessee filed appeal before the CIT(A). The CIT(A) restricted ad-hoc addition of Rs.3,50,000, to 50% of the disallowed amount and granted relief of Rs.1,75,000/- accordingly. The CIT(A) also confirmed the addition of Rs.94,293/- out of foreign travel expenses.

5. The Ld. AR submitted that as relates to ground No. 2, all the expenses were duly entered into books of accounts along with vouchers which were produced from time to time during the course of assessment proceedings and which were duly verified. The Ld. AR further submits that requisite details called for were also produced for examination/verification of the Assessing Officer. The Assessing Officer, however, arbitrarily and without appreciating the peculiar facts processed to make additions/disallowances and completed the assessment at an income of Rs.9,39,72,420/-. The CIT(A) ignored the fact that the vouchers relating to wages and over time paid to its employees were produced before the Assessing Officer. As relates to ground No. 3, the Ld. AR further submits that the foreign travel by the Director was for studying fashion trends and explore markets which is in relation to business of the assessee and for which details has been produced before the Assessing Officer as well as CIT(A).

6. The Ld. DR relied upon the order of the Assessing Officer and the CIT(A).

7. We have heard both the parties and perused the material available on record. Ground No. 1 is general. Hence do not require adjudication. As relates to Ground No. 2, from the records it emerges that over time payment through cash and cheques were duly entered into vouchers as well as in books of account by the assessee. These vouchers or books of accounts were never doubted by the Assessing Officer. Therefore, the addition sustained by the

CIT(A) on ad-hoc basis will not be permissible under the Act. Thus, Ground No. 2 is allowed.

8. As related to Ground No. 3, the foreign travel expenses were actually incurred for study of business trends in the market. The details were filed before the Assessing Officer as well as the CIT(A). Therefore, the same should have been allowed by the Assessing Officer as well as by the CIT(A). Ground No. 3 is allowed.

9. Ground No. 4 & 5 are consequential. Therefore, the same are also allowed.

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

**Order pronounced in the Open Court on 08<sup>th</sup> November, 2017.**

Sd/-

**(R. K. PANDA)**  
**ACCOUNTANT MEMBER**

Sd/-

**(SUCHITRA KAMBLE)**  
**JUDICIAL MEMBER**

Dated: 08/11/2017  
Copy forwarded to:

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

ASSISTANT REGISTRAR

ITAT NEW DELHI

		Date	
1.	Draft dictated on	11/10/2017	PS
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4.	Draft discussed/approved by Second Member.		JM/AM
5.	Approved Draft comes to the Sr.PS/PS	08 .10.2017	PS/PS
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7.	File sent to the Bench Clerk	08.10.2017	PS
8.	Date on which file goes to the AR		
9.	Date on which file goes to the Head Clerk.		
10.	Date of dispatch of Order.		