

IN THE INCOME TAX APPELLATE TRIBUNAL “C” BENCH : KOLKATA

[Before Hon’ble Shri J.Sudhakar Reddy, AM & Hon’ble Shri A.T. Varkey, JM]

I.T.A No. 170/Kol/2016

Assessment Year : 2010-11

West Bengal State Co-operative Bank Ltd. -vs- DCIT, Circle-56, Kolkata
[PAN: AAAAT 7072 N]
(Appellant) (Respondent)

For the Appellant : Shri N.C. Mondal, FCA

For the Revenue : Shri A.K. Bandhopadhyay, Addl. CIT, Sr. DR

Date of Hearing : 13.12.2017

Date of Pronouncement : 05.01.2018

ORDER

Per J.Sudhakar Reddy, AM

This appeal by the Assessee arises out of the order of the Learned Commissioner of Income Tax (Appeals)-12, Kolkata [in short the ld CITA] dated 10.12.2015 against the order passed by the DCIT, Circle-56, Kolkata [in short the ld AO] under section 143(3) of the Income Tax Act, 1961 (in short “the Act”) dated 14.03.2013 for the Assessment Year 2010-11 on the following grounds :

- 1. That on the facts of the case, the ld. Commissioner of Income Tax (Appeals)-12, Kolkata, was wrong by not considering the fact of the case and by confirming the addition made by the Ld. Assessing Officer under the head “Bakshis” of Rs. 3,76,166/- and “Tips & Bakshis” of Rs. 66,400/- which are allowable expenses under section 37 of the Income Tax Act, 1961.*

2. *That on the facts of the case, the Ld. Commissioner of Income Tax (Appeals)-12, Kolkata was wrong by not considering the fact of the case and explanation given by the appellant that the expenses were in the nature of salary/wages paid as bonus during Eid/Durga Puja festival to casual staffs like peon, lift man, security staff etc. employed by the appellant through another service provider which is also being a co-operative society and such expenditures are very much incidental to and for the purpose of carrying on day to day business and allowable u/s 37 of the Income Tax Act, 1961.*
3. *That your petitioner reserves the right to prefer further ground(s) and/or delete/modify ground(s)/arguments, submit documents before the final disposal of this appeal.*

2. After hearing the rival contentions, we find that this issue covered by the decision of the Co-ordinate Bench of the Tribunal in the assessee's own case in I.T.A. No. 746/Kol/2013 dated 30.11.2013 wherein it was held as under:

“6. Ground no 2 and 3 is against the disallowance of expenditure of an amount paid as Tips & Baksis by the bank to casual workers on festive occasion. The assessee submits that these payments were made to casual workers like water boys, canteen boys, security staffs etc. during annual festivals like Durga Puja and Eid. It was submitted that the payment is in the nature of ex-gratia/bonus. The break-up of these payments, as made by different branches of the bank was given. These payments were authorised by appropriate resolutions of the Board of Director of the bank. The Assessing officer as well as the Ld. CIT (A) did not allow this expenditure on the ground that there was no commercial expediency behind incurring this expenditure and that the explanation is not satisfactory. The ld. Counsel for the assessee the disallowance is bad in law the assessee has produced sufficient evidence in the form of vouchers and receipts in evidence of any payment of Tips & Baksis. Payments were made by the Head Office, Regional Offices as well as 44 branches situated in different parts of West Bengal. Such payments are made after due authorization from the management. The revenue authorities were wrong in coming to a conclusion that there is no commercial expediency in making these payments. The disallowance arbitrarily unjustified. Hence we allow this ground of the assessee”.

Respectfully following the same, we allow both the grounds filed by the assessee.

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

Order pronounced in the Court on 05.01.2018

Sd/-
[A.T.Varkey]
Judicial Member

Sd/-
[J.Sudhakar Reddy]
Accountant Member

Dated : 05.01.2018
SB, Sr. PS

Copy of the order forwarded to:

1. The West Bengal State Co-operative Bank Ltd. 24A, Waterloo Street, Kolkata-700069.
2. DCIT, Circle-56, Kolkata, 3, Govt. Place (West), Second Floor, Kolkata-700001.
- 3..C.I.T.(A)- , Kolkata 4. C.I.T.- Kolkata.
5. CIT(DR), Kolkata Benches, Kolkata.

True copy

By Order

Senior Private Secretary
Head of Office/D.D.O., ITAT, Kolkata Benches