

आयकर अपीलीय अधिकरण ,इन्दौर न्यायपीठ ,इन्दौर
IN THE INCOME TAX APPELLATE TRIBUNAL,
INDORE BENCH, INDORE

श्री कुल भारत, न्यायिक सदस्य

तथा

श्री मनीष बोरड, लेखा सदस्य के समक्ष

BEFORE SHRI KUL BHARAT, JUDICIAL MEMBER
AND
SHRI MANISH BORAD, ACCOUNTANT MEMBER

आ.अ.सं./I.T.A. No. 326/Ind/2017		
निर्धारणवर्ष/ Assessment Year : 2014-15		
Assistant Commissioner of Income-tax, Ujjain.	vs.	M/s. Vishal Electricals Co.Pvt.Ltd., Ujjain
अपीलार्थी /Appellant		प्रत्यर्थी /Respondent
स्था.ले.सं./PAN: AABCV1452F		

अपीलार्थी की ओर से/Appellant by	:	Shri K.G. Goyal, Sr. DR
प्रत्यर्थी की ओर से/Respondent by	:	Shri S. S. Deshpande, C. A.

सुनवाई की तारीख/Date of hearing	:	15 .05.2018.
उद्घोषणा की तारीख/Date of pronouncement	:	16.05.2018

आदेश / O R D E R

PER KUL BHARAT, J.M. :

Appeal by the Revenue is directed against the order of CIT(A), Ujjain, dated 14th February, 2017, pertaining to the assessment year 2014-15.

2. The Revenue has raised the following grounds of appeal :-

1) Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting the addition of Rs. 6,27,964/- on account of various expenses without appreciating the fact that assessee failed to substantiate expenses through proper evidence and only 20 % of various expenses were disallowed by the AO.

2) Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in

deleting the addition of Rs. 32,62,339/- on account of Salary and Wages expenses (10% to total wage expenses claimed) ignoring the fact that such expense was not supported by proper evidence.

3. Briefly stated, the facts of the case are that the case of the assessee was picked up for scrutiny assessment and the assessment u/s 143(3) ,of the Income-tax Act, 1961, (hereinafter referred to as the Act), was framed vide order dated 27th December, 2016. The AO while framing the assessment made disallowances on ad hoc basis of Rs. 6,27,964/- and disallowance out of wages and salary expenses at Rs. 32,62,339/-.

4. Aggrieved by this order, the assessee preferred appeal before the Ld. CIT(A), who after considering the submissions deleted both the additions. Now, the Revenue is in appeal before this Tribunal.

5. Ground no. 1 is against the deletion of addition of Rs. 6,27,964/-.

6. The Ld. Departmental Representative supported the assessment order and submitted that the Ld. CIT(A) was not justified in deleting the addition. Per contra, the Ld. Counsel for the assessee reiterated the submissions as made before the Ld. CIT(A). He submitted that the AO made disallowance of 20% of the expenses in respect of power and fuel, freight expenses, repair to plant, machinery & furniture, welfare expenses, travelling expenses, canteen expenses and misc expenses. He submitted that the AO has not pointed out as to which expenditure is bogus. He submitted that the books of account of the assessee are fully audited. The Auditors have not pointed out any discrepancy in the books of account.

7. We have considered the facts, rival submissions and perused the material available on record and have also

gone through the orders of the lower authorities. The Ld. CIT(A) has deleted the addition by observing as under :-

"4.2 Through this ground of appeal the appellant has challenged the addition of Rs.6,27,964/- out of various expenses. The AO has made the disallowance @ 20 % out of Power & Fuel, Freight expenses, Repair to plant, machinery & furniture, welfare expenses, travelling expenses, canteen expenses and miscellaneous expenses. The appellant is engaged in the electrical contract work. The above expenditures are integral part of the business. The appellant's books of account are audited u/s 44AB of the IT Act. All the expenses are duly recorded and entered. The AO has not pointed out any specific defects in the books of accounts. The AO cited the reasons that no corroborative evidences along with vouchers for expenditure were produced. The above defects are general in nature. The appellant books are audited u/s 44AB of the I. T. Act. The appellant need not to maintain separate books for each and every site, the appellant is making cash payment on self-made vouches and does not exceed

*the limit of Rs.20,000/- which is as per law. The payment for expenses and material purchases were duly recorded in the books of account and the AO has not pointed out which payment and material purchases were bogus. The AO is not justified in making the disallowance out of above expenses without any reason. Therefore, the addition made by the AO amounting to Rs.6,27,964/- is **Deleted**. This ground of appeal is **Allowed**. "*

8. We do not see any infirmity in the order of the Ld. CIT(A), as the Revenue has not pointed out as to which expenditure is not supported with the proper vouchers. The auditors have also not noticed any discrepancy in to the claim of the assessee. Under these facts, the finding of the Ld. CIT(A) is sustained. Ground raised by the Revenue is dismissed.

9. Ground no. 2 is against the deletion of addition of Rs. 32,62,339/- on account of Salary & Wages expenses.

10. The Ld. Departmental Representative supported the assessment order and submitted that the Ld. CIT(A) was not justified in deleting the addition. Per contra, the Ld. Counsel for the assessee reiterated the submissions as made before the Ld. CIT(A). He submitted that the AO has made the disallowances @ 10% out of salary and wages. The assessee is engaged in the electrical contract work. The above expenditures are integral part of the business. The assessee's books of account are duly audited u/s 44AB of the Act. All the expenses were duly recorded and entered. The AO has not pointed, out any specific defects in the books of account. The Auditors have also not pointed out any discrepancy in the books of account.

11. We have considered the facts, rival submissions and perused the material available on record and have also gone through the orders of the lower authorities. The Ld. CIT(A) has deleted the addition by observing as under :-

"4.3 Through this ground of appeal the appellant has challenged the addition of Rs.32,62,339/- out of salary and wages expenses. The AO has made the disallowance @ 10 % out of salary and wages. The appellant is engaged in the electrical contract work. The above expenditures are integral part of the business. The appellant's books of account are audited u/s 44AB of the **IT** Act. All the expenses are duly recorded and entered. The AO has not pointed out any specific defects in the books of accounts. The AO cited the reasons that identity of labours, type of work actually performed at particular sites are not verifiable. The above defects are general in nature. The appellant books are audited u/s 44AB of the I.T. Act. The appellant need not to maintain separate books for each and every site, the appellant is making cash payment on self-made vouchers and does not exceed the limit of Rs.20,000/- which is as per law. The payment for salary and wages were duly recorded in the books of account and the AO has not pointed out which payment is bogus. The AO is not justified in making the disallowance out of above expenses without any reason.

Therefore, the addition made by the AO amounting to Rs. 32,62,339/- is Deleted. This ground of appeal is allowed."

12. We do not see any infirmity in the order of the Ld. CIT(A). All the expenses are duly recorded and entered. The AO has not pointed out any specific defects in the books of account. The AO cited the reasons that identity of labours, type of work actually performed at particular sites are not verifiable. We observe that the defects are of general nature. The assessee's books are audited u/s 44AB of the Act. We also observe that the assessee is making cash payment of Rs. 20,000/- which is in accordance with law. The payment of salary and wages were duly recorded in the books of account and the AO has not pointed out as to which payment was bogus. Under these facts, the finding of the Ld. CIT(A) is sustained. Ground No. 2 raised by the Revenue is dismissed.

M/s.Vishal Electricals Co.P.Ltd., Ujjain -: 10 :-

13. In the result, the appeal of the Revenue is dismissed.

The order is pronounced in the open court on
16.05.2018.

Sd/-
(मनीष बोरड)
लेखा सदस्य
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(कुल भारत)
न्यायिक सदस्य
(KUL BHARAT)
JUDICIAL MEMBER

Indore; दिनांक Dated : 16/05/2018

CPU*/SPS

Copy to: Assessee/AO/Pr. CIT/ CIT (A)/ITAT (DR)/Guard file.

By order

Private Secretary/DDO, Indore