



**IN THE INCOME TAX APPELLATE TRIBUNAL,  
CUTTACK BENCH, CUTTACK**

**BEFORE S/SHRI N.S SAINI, ACCOUNTANT MEMBER  
AND PAVAN KUMAR GADALE, JUDICIAL MEMBER**

**ITA No.375/CTK/2017**  
Assessment Year : 2013-2014

Binod Kumar Agarwalla, Plot No.87, Kharavel Nagar, Bhubaneswar.	Vs.	DCIT, Circle -4(1), Bhubaneswar.
PAN/GIR No.AAOPA 1368 L		
<b>(Appellant)</b>	..	<b>( Respondent)</b>

Assessee by : Shri S.K.Agarwalla, AR  
Revenue by : Shri Suvendu Datta, DR

**Date of Hearing : 08/08/ 2018**  
**Date of Pronouncement : 9 /08/ 2018**

**ORDER**

**Per N.S.Saini, AM**

This is an appeal filed by the assessee against the order of the CIT(A)-2, Bhubaneswar dated 28.6.2017 for the assessment year 2013-2014.

2. The assessee has raised the following grounds of appeal:

“That the AO erred in facts in circumstances in disallowing the 20% of the expenses debited under different heads in ad hoc manner amounting to Rs.4,63,010/- and the CIT(A) is wrong in confirming the disallowance to the extent of 10% of the expenses in adhoc manner amounting to Rs.2,31,505/- which are liable to be deleted.”

3. The brief facts of the case are that the Assessing Officer has disallowed 15% of repair and maintenance, shop expenses, telephone expenses, travelling & conveyance expenses totalling to Rs.23,15,050/-

on the ground that the assessee failed to furnish any documentary evidence in support of claim of expenses.

4. On appeal, the CIT(A) restricted the disallowance to 10% for the reason that the very nature of these expenses is such that third party bills and vouchers are difficult to maintain and sustained the addition to Rs.2,31,505/-.

5. Being aggrieved by the said order of the CIT(A), the assessee is in appeal before us.

6. Before us, Id A.R. of the assessee submitted that the assessee has incurred the expenses on normal course of business of the assessee. Ld A.R. submitted that in the preceding assessment year 2012-13 and in the succeeding assessment years 2014-15, in an assessment u/s.143(3) of the Act, the Assessing Officer has not disallowed any such claim of expenses under the above heads. He submitted that there is no rejection of books of account. Therefore, he prayed for allowing the appeal of the assessee.

7. Ld D.R. supported the order of the CIT(A).

8. We have heard the rival submissions, perused the orders of lower authorities and materials available on record. In the instant case, we find that as the assessee failed to furnish any documentary evidences in support of the expenses incurred under the head "repair and maintenance, shop expenses, telephone expenses, travelling &

conveyance expenses totalling to Rs.23,15,050/-, the Assessing Officer disallowed 15% of the expenses claimed of the assessee.

9. On appeal, the CIT(A) restricted the disallowance to 10% as against 15% made by the Assessing Officer.

10. We find that the CIT(A) has observed that the very nature of expenses is such that third party bills and vouchers are difficult to maintain. It has also been argued and submitted by Id A.R. that the genuineness of the expenditure is not doubted and it is not the case of the revenue that the assessee has claimed bogus expenditure to reduce its income. On perusal of assessment order para 2 page 1, we find that the assessee appeared from time to time and filed details. The Assessing Officer has not mentioned which details have been furnished by the assessee. Id A.R. submitted that in the preceding assessment year 2012-13 and in the succeeding assessment years 2014-15, in an assessment u/s.143(3) of the Act, the Assessing Officer has not disallowed any such claim of expenses by the assessee under the above heads. Considering the totality of the facts and circumstances of the case, we are of the considered opinion that it would meet the ends of justice, if the expense is estimated at 5% of the expenses claimed by the assessee. We order accordingly. This ground is partly allowed.



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

Order pronounced on 9/08/2018.

Sd/-

(Pavan Kumar Gadale)  
JUDICIALMEMBER

sd/-

(N.S Saini)  
ACCOUNTANT MEMBER

Cuttack; Dated 9/08/2018  
B.K.Parida, SPS

**Copy of the Order forwarded to :**

1. The Appellant : Binod Kumar Agarwalla, Plot No.87, Kharavel Nagar, Bhubaneswar.
2. The Respondent. DCIT, Circle -4(1), Bhubaneswar
3. The CIT(A)-2, Bhubaneswar
4. Pr.CIT-2, Bhubaneswar
5. DR, ITAT, Cuttack
6. Guard file.  
//True Copy//

BY ORDER,

SR.PRIVATE SECRETARY  
ITAT, Cuttack