

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "B", PUNE

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND
SHRI PARTHA SARATHI CHADHURY, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.312/PUN/17
निर्धारण वर्ष / Assessment Year : 2011-12

Abhay Mahadeo Nalawade,
Aman 53,
National Co-op. Housing Society,
Aundh, Pune – 411 007

JCIT, Range-7,
Pune
Vs.

PAN : AAYPN0205C

(Appellant)

(Respondent)

Appellant by
Respondent by

Shri C.H. Naniwadekar
Shri Sudhendu Das

Date of hearing 20-12-2018
Date of pronouncement 20-12-2018

आदेश / ORDER

PER R.S.SYAL, VP :

This appeal by the assessee is arising out of the order passed by the CIT(A) on 28-09-2016 in relation to the assessment year 2011-12.

2. The only issue raised in this appeal is against the confirmation of disallowance of certain expenses.

3. Briefly stated, the facts of the case are that the assessee declared income from salary, house property, profession, capital

gains and other sources to the tune of Rs.94,30,324/-. Income from profession of management consultancy, with gross receipts of Rs.18,77,866/-, was shown at Rs.2,82,918/-, thereby claiming expenses of Rs.15,94,948/-. The AO observed that the expenses were highly excessive and not fully supported by bills or vouchers. He drew a chart of certain expenses totalling Rs.14,37,372/-. 75% of such expenses was disallowed, which resulted into an addition of Rs.10,78,029/-. The Id. CIT(A) reduced the disallowance to 70%, thereby allowing deduction @ 30% of such expenses. The assessee is aggrieved by such confirmation of addition.

4. Having heard both the sides and gone through the relevant material on record, it is observed that the assessee *suo motu* offered disallowance of Rs.2,87,917/- in his return of income, as is evident from pages 4 and 5 of the impugned order. The items disallowed voluntarily by the assessee are certain percentages of Client licensing expenses, Electricity expenses, Repairs and maintenance and Depreciation. All these four items are included in the list of expenses totalling to Rs.14.37 lakhs, which were subjected to disallowance by the AO at the rate of 75%. Once the assessee has itself disallowed expenses to the tune of Rs.2,87,917/-, in our considered opinion, this amount ought to have been excluded by

the AO for computation of the disallowance. We, therefore, order that the amount of Rs.2,87,917/- be excluded from the amount disallowable out of the expenses of Rs.14,37,372/-, taken note of by the AO.

5. Coming to the amount disallowable, it is seen that the AO disallowed 75% on *ad hoc* basis, which disallowance stood reduced to 70%. Considering the peculiar facts of the instant case, we are satisfied that the ends of justice would meet adequately if the disallowance for want of evidence etc. is reduced to 50%. This would lead to confirmation of disallowance to the tune of Rs.4,30,770/- (50% of Rs.14,37,372 minus Rs.2,87,917). We, therefore, restrict the disallowance to this level.

6. In the result, the appeal is partly allowed.

Order pronounced in the Open Court on 20th December, 2018.

Sd/-
(PARTHA SARATHI CHAUDHURY)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 20th December, 2018
सतीश

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. आयकर आयुक्त(अपील) /
The CIT (Appeals)-3,Pune
4. The Pr.CIT -4, Pune
5. विभागीय प्रतिनिधि, आयकर अपीलीय
अधिकरण, पुणे “बी” / DR ‘B’, ITAT, Pune;
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	20-12-18	Sr.PS
2.	Draft placed before author	20-12-18	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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