

**IN THE INCOME TAX APPELLATE TRIBUNAL**

**AHMEDABAD “A” BENCH**

**(BEFORE SHRI PRADIP KUMAR KEDIA, ACCOUNTANT  
MEMBER & SHRI MAHAVIR PRASAD, JUDICIAL MEMBER)**

**ITA. No: 3045/AHD/2014  
(Assessment Year: 2011-12)**

<b>Punit Proteins Pvt. Ltd. Sangma Road, Padra, Dist: Vadodara-391440</b>	<b>V/S</b>	<b>ACIT, Circle-4, Baroda</b>
<b>(Appellant)</b>		<b>(Respondent)</b>

**PAN: AABCP8996Q**

**Appellant by : Shri M. J. Shah, AR  
Respondent by : Shri S. K. Dev, Sr. D.R.**

**(आदेश)/ORDER**

Date of hearing : 06 -12-2018  
Date of Pronouncement : 25 -01-2019

**PER MAHAVIR PRASAD, JUDICIAL MEMBER**

1. This appeal by the Assessee is directed against the order of the Ld. CIT(A)-III, Baroda dated 20.08.2014 pertaining to A.Y. 2011-12 and has taken a single

- ground that ld. CIT(A) has erred in disallowing of Rs. 5,00,000/- made on account of Sales Promotion Expenses.
2. Briefly stated the facts of the case are that the appellant company is carrying on the business of manufacturing and trading of pulses/cereals at Padra, Vadodara, Gujarat since long back.
  3. In order to boost, the sale of Tuver Dal. The appellant company has kept plastic card randomly inside 25 Kg packet of Tuver Dal and announced the scheme to its probable customers that if any purchaser of above said item found plastic card in the 25 Kg Tuver Dal packet, the same plastic card to be replaced by a Silver coin. And for that purpose, assessee purchased Silver Coin of Rs. 5,00,000/- for advertisement and sale promotion and same was claimed as expenses. But ld. A.O. disallowed the same for the reason that any expenditure which is said to have accrued only when a demand is made and the same is accepted by the party. In the same Financial Year, such expenses to be allowed but in assessee's case demand for the Silver Coins have been made in the next year. Therefore, claim is not admissible and made the disallowance of Rs. 5,00,000/-.
  4. In appeal before the ld. CIT(A), he confirmed the action of the A.O.
  5. Now appellant has come before us.
  6. We have gone through the relevant record and impugned order. We can see, this scheme was made available from 15.01.2011 to 31.03.2011 for Krishna and Punit Brand of Tuver Dal. And appellant company has kept plastic card

randomly inside 25Kg of Tuver Dal bag. On receiving these plastic cards from each dealer in the subsequent year, appellant purchased Silver Coin as mentioned in the scheme and handed over to the concerned dealer. Assessee purchased these Silver Coins on 31.03.2011 and made the payment on 02.04.2011.

7. As we can see, although the payment of the Silver coin has been purchased in the next year but however, scheme was commenced in the last assessment year and thus the liability was incurred in the last year itself. In such case, the expenses so incur cannot be denied.
8. In support of its contention, ld. A.R. has cited an order of Supreme Court in the case of Bharat Earth Movers vs. CIT 254 ITR 428 wherein it has been held:

*“If a business liability has definitely arisen in the accounting year, the deduction should be allowed although the liability may have to be quantified and discharged at a future date. What should be certain is the incurring of the liability. It should also be capable of being estimated -with reasonable certainty though the actual quantification may not be possible. If these requirements are satisfied the liability is not a contingent one. The liability is in present though it will be discharged at a future date. It does not make any difference if the future date on which the liability shall have to be discharged is not certain.”*

9. Respectfully following the aforesaid judgment, we allow the appeal of the assessee.

10. In the result, appeal filed by the Assessee is allowed.

Order pronounced in Open Court on 25- 01- 2019

Sd/-

**(PRADIP KUMAR KEDIA)**  
**ACCOUNTANT MEMBER True Copy**  
Ahmedabad: Dated 25/01/2019

Sd/-

**(MAHAVIR PRASAD)**  
**JUDICIAL MEMBER**

Rajesh

Copy of the Order forwarded to:-

1. The Appellant.
2. The Respondent.
3. The CIT (Appeals) –
4. The CIT concerned.
5. The DR., ITAT, Ahmedabad.
6. Guard File.

By ORDER

Deputy/Asstt.Registrar  
ITAT,Ahmedabad