

आयकर अपीलीय अधिकरण, इन्दौर न्यायपीठ, इन्दौर**IN THE INCOME TAX APPELLATE TRIBUNAL
INDORE BENCH, INDORE****BEFORE SHRI KUL BHARAT, JUDICIAL MEMBER
AND
SHRI MANISH BORAD, ACCOUNTANT MEMBER****ITA No.1345/Ind/2016
Assessment Year: 2012-13**

Smt. Rama Garg Proprietor M/s. Gayatri Traders, Gandhi Chowk, Chota Bazar Nasrullaganj, Sehore-466331 (Appellant)	बनाम/ Vs.	ACIT-3(1) Bhopal (Revenue)
P.A. No.ABCPG1140J		

**ITA No.1321/Ind/2016
Assessment Year: 2012-13**

ACIT-3(1) Bhopal (Appellant)	बनाम/ Vs.	Smt. Rama Garg Proprietor M/s. Gayatri Traders, Gandhi Chowk, Chota Bazar Nasrullaganj, Sehore-466331 (Revenue)
------------------------------------	---------------------	---

Appellant by	Shri R.K. Mangal, A.R.
Respondent by	Smt. Ashima Gupta, D.R.
Date of Hearing:	09.01.2019
Date of Pronouncement:	05.02.2019

आदेश / O R D E R

PER KUL BHARAT, J.M:

These cross appeals by the assessee and revenue are pertaining to the assessment year 2012-13 are directed against order of CIT(A)-2, Bhopal dated 30.9.2016. These cross appeals were taken up together for hearing and are being disposed of by way of a consolidated order for the sake of convenience and brevity. First we take up revenue's appeal i.e. ITA No.1321/Ind/2016 for the A.Y. 2012-13.

The revenue has raised following grounds of appeal:-

1. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of purchase of Rs.5,38,02,206/-.*
2. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of car expenses of Rs.95,603/-.*
3. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of discount expenses of Rs.8,59,589/-.*

4. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of Mandi Tax of Rs.7,40,803/-.*
5. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of Nirashrit Tax of Rs.74,083/-.*
6. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of expenses and shortage claim expense of Rs.40,81,305/-.*
7. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of wages expenses of Rs.2,70,680/-.*
8. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of Diesel expenses of Rs.84,420/-.*
9. *Whether on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in deleting addition on account of Contract receipt of Rs.7,20,692/-.*

2. The facts giving rise to the present appeal are that case of the assessee was picked up for scrutiny assessment and the assessment u/s 143(3) of the Income Tax Act, 1961 (hereinafter called as 'the Act') was framed vide order dated 17.3.2015. The assessee is a proprietor of M/s. Gayatri Traders and is engaged in the business of dealing in grains, oil seeds and pulses as trader and general commission agent. During the year under consideration, the assessee had gross turnover of Rs.24,11,40,533/- and gross profit declared is Rs.1,47,49,433/- and on this net

profit declared at Rs.11,01,072/-. The A.O. called for the evidences relating to sale and purchases. The A.O. noted that the assessee had debited purchases of Rs.22,41,75,856/-. However, the assessee did not produce any bills in support of purchase. Therefore, he proceeded to make 25% of the purchases as not supported with the evidence and therefore, he made addition of Rs.5,60,43,964/- in this regard. Further, the A.O. made various additions on account of disallowance of electricity and power expenses of Rs.7,99,254/-. Sales expenses of Rs.4,09,893/-. Minor expenses of Rs.1,06,205/-, discount expenses of Rs.10,74,486/- and on account of Mandi tax Rs.7,40,803/-. The A.O. also made addition on account of shortage claim of Rs.45,34,783/-. Further, disallowance of 50% of wages expenses of amounting to Rs.3,00,755/-. The A.O. also made addition of Rs.93,800/- on account of disallowance of diesel expenses. The A.O. also made

addition of Rs.7,20,692/- for not deducting tax. Thus, the A.O. computed income at Rs.6,59,38,450/- against the returned income of Rs.10,39,710/-.

3. Aggrieved by this order, the assessee preferred an appeal before Ld. CIT(A) who after considering the submissions partly allowed the appeal, thereby, the Ld. CIT(A) restricted the disallowance @ 1% in respect of the purchases. The Ld. CIT(A) sustained the additions made in respect of electricity expenses, other sales expenses and also restricted car expenses to 50%. Further disallowance made in respect of discount was reduced to Rs.2,14,897/-. Further, deleted addition of Rs.7,40,803/- being the Mandi tax paid. The Ld. CIT(A) restricted the disallowance made on account of shortage to the extent of 10%. Further addition made on account of disallowance of wages was also restricted to 10% and he deleted addition made on account of non-deduction of tax.

4. Against this order, both the revenue and assessee are in appeal before this Tribunal.

5. Ground No.1 of the revenue's appeal is against deleting the additions made on account of purchases of Rs.5,38,02,206/-.

6. Ld. D.R. submitted that the Ld. CIT(A) was not justified in deleting the additions. He relied upon the assessment order.

7. Ld. Counsel for the assessee supported the order of the Ld. CIT(A). However, he submitted that the Ld. CIT(A) was not justified in sustaining the addition of Rs.22,41,758/- on the basis of adhoc disallowance.

8. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. The A.O. had made addition purely on the basis of suspicion. The assessee had

furnished relevant evidences, which were duly considered by the Ld. CIT(A). Therefore, there is no infirmity into the order of the Ld. CIT(A) so far deleting the additions made on account of purchases. Ground of the revenue's appeal is rejected.

9. Ground No.2 is against deleting the addition made on account of disallowance of car expenses of Rs.95,603/-.

10. Ld. D.R. supported the assessment order and relied upon the findings given by the A.O.

11. On the contrary, Ld. Counsel for the assessee submitted that the A.O. had made addition on adhoc basis.

12. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. We find that the Ld. CIT(A) had deleted the addition as the same was made purely on adhoc basis. Therefore, we do not see any infirmity into

the order of the Ld. CIT(A) and the same is hereby affirmed.
Ground of the revenue's appeal is rejected.

13. Ground No.3 is against deleting the addition made on account of discount expenses of Rs.8,59,589/-.

14. Ld. D.R. supported the assessment order and relied upon the findings given by the A.O.

15. On the contrary, Ld. Counsel for the assessee submitted that the authorities below were not justified in making the addition.

16. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. The Ld. CIT(A) decided the issue in para 11.2 of his order by holding as under:

"11.2 Discount of Rs.10,74,486/- has been claimed during the year as against Rs.6,73,327/- claimed in the succeeding assessment year 2013-14. Both the purchases and the sales are higher in A.Y. 2013-14 (as mentioned in para 7.2 above) and yet less discount has been paid. No

bills/evidence has been produced during assessment proceedings or the remand proceedings. During appeal proceedings no details have been filed of discount given. In the absence of any details, the disallowance of expenditure is sustained to the extent of 20% of the same. An addition of Rs.2,14,897/- is upheld. Addition of Rs.8,59,589/- is deleted. The ground of appeal is partly allowed.”

17. We find that the A.O. had disallowed these expenses on the basis that no evidences have been furnished. It was incumbent upon the assessee to furnish supporting evidences of any expenditure related to the business as incurred by her. No such evidence was furnished, even the Ld. CIT(A) concurred to this fact. Therefore, the finding of the Ld. CIT(A) cannot be sustained, hence, we reverse the finding of the Ld. CIT(A) and restore that of the assessing officer on this issue. This ground of the revenue's appeal is allowed.

18. Ground Nos.4 & 5 are against deletion of addition made on account of disallowance of Mandi tax and Nirashrit tax.

19. Ld. D.R. supported the assessment order and submitted that the Ld. CIT(A) was not justified in deleting the additions.

20. Per contra, Ld. A.R. relied on the order of Ld. CIT(A). He submitted that such payments are allowable expenditure.

21. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. We find that both the issues have been decided in paras 12.1 to 13 of the order of the Ld. CIT(A) and the same is hereby reproduced as under:

12. Ground of Appeal 8

The ground is against the A.O. making addition of Rs.7,40,803/- on account of Mandi Tax paid to Mandi Authorities disallowed to the extent of 25%.

12.1 The appellant has claimed purchases of Rs. 22,41,75,856/-. During the course of assessment proceedings, the appellant did not produce the Bhugtan Patras (Bills of purchase). As per the rules of Mandi, grain merchants have to pay mandi tax, nirashrit shulk etc. to the mandi samiti on the purchases made in the mandi. Since no challan of mandi tax or nirashrit shulk was produced for verification, the AO made a reference to the sales made by the assessee (Rs.24,11,40,533/-) and the very low gross profit (Rs.1,47,49,433/-), and completed the assessment u/s 143(3) by disallowing 25% of the purchases. Correspondingly, the AO also disallowed 25% of the purchase-related taxes and levies, namely, the Mandi tax and Nirashrit tax.

12.2 During appeal, the assessee filed copies of the receipts of Mandi Tax and Nirashrit tax paid to Mandi Authorities. It was submitted that these are statutory levies levied @ 2% and 0.2% respectively on the purchase value of agricultural produce made from farmers and paid to the Mandi Samiti which is a Local Authority. No agricultural produce can be purchased in the Mandi without payment of the same.

12.3 Upon due consideration of the submissions of the appellant and copies of the receipts of Mandi Tax and Nirashrit Shulk submitted by the appellant, it is held that the AO was not justified to make a lumpsum disallowance of 25% of the Mandi Tax and Nirashrit tax without making any verification with the Krishk Upaj Mandi Samiti Authorities and just because 25% of the purchases had also been disallowed by him. The disallowance of Rs. 7,40,803/- made by the AO is **deleted**. The ground of appeal is **allowed**.

13. Ground of Appeal 9

The ground is against the A.O. making addition of Rs.74,083/- on account of Nirashrit Tax paid to Mandi Authorities disallowed to the extent of 25%.

The Nirashrit Tax is paid 10% of the Mandi Tax. For the reasons as discussed in para 12 above, the disallowance of Rs.74,083/- made by the A.O. is deleted.

*The ground of appeal is **allowed**.*

22. The Ld. CIT(A) has given a finding on fact on the basis of the verification made on the evidences produced by the assessee. Revenue could not rebut this finding by placing any contrary material as to how this amount is not allowable. Hence, both the grounds of the revenue's appeal are dismissed.

23. Ground No.6 is against deleting the addition on account of shortage commission.

24. Ld. D.R. relied upon the order of the A.O. and submitted that the Ld. CIT(A) was not justified in deleting the addition.

25. Per contra, Ld. Counsel for the assessee submitted that the A.O. was not justified in making the disallowance as the assessee deals in grain commodities and there is always likelihood of shortage, which is a

normal happening in this line of business. This relates to business of the assessee.

26. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. Ld. CIT(A) has decided this issue in para Nos.14 which is reproduced as under:

14. Ground of Appeal 10

The ground is against the A.O. making addition of Rs.45,34,783/- on account of Claim of expenses of Rs.36,33,747/- and Shortage claim of Rs.9,01,036/- disallowed to the extent of 100%

14.1 The AO made the above addition as the appellant failed to produce satisfactory bills/vouchers or any other evidence etc, in support of above expenditure.

14.2 The assessment for the immediately succeeding assessment year 2013-14 has been also completed u/s 143(3) wherein on identical facts and circumstances, a lump sum disallowance @ 10% of expenditure claimed under the heads Machinery Expenses, Bardana Expenses, Wages, Shortage and Claims, Diesel Expenses and Labour charges.was made by the A.O.

In view of the above the disallowance is restricted to 10% of Rs.45,34,783, i.e., Rs. 453478/-. An addition of Rs.4,53,478 is upheld. The assessee gets relief of Rs. 40,81,305/-.

The ground of appeal is **partly allowed**.

27. Undisputedly, the revenue has been allowing such claim in past. No new fact or basis is brought to our notice. Moreover, looking to the nature of business, we do not see any infirmity into the order of the Ld. CIT(A) and the same is hereby affirmed. Ground raised by the revenue is dismissed.

28. Ground No.7 is against deleting the addition on account of wages expenses of Rs.2,70,680/-.

29. Ld. D.R. relied upon the order of the A.O. and submitted that the Ld. CIT(A) was not justified in deleting the addition.

30. Ld. Counsel for the assessee submitted that the A.O. was not justified in making the addition by disallowing the 25% expenditure, on adhoc basis. The assessee had furnished requisite details of wage payments.

31. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. We find force in the contentions that the assessing officer had made disallowance purely on adhoc estimation basis without considering the facts of the case, therefore, we do not see any infirmity in deleting the addition by the Ld. CIT(A). Ground raised by the revenue is rejected.

32. Ground No.8 is against deleting the addition on account of disallowance of diesel expenses of Rs.84,420/-.

33. Ld. D.R. relied upon the order of the A.O. and submitted that the Ld. CIT(A) was not justified in deleting the addition as the assessee had not produced any evidences in support of these expenses.

34. Ld. Counsel for the assessee opposed the submissions of the Ld. D.R. and submitted that the

expenditure is related to business and the details were duly furnished before the authorities below.

35. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. Ld. CIT(A) has allowed the expenditure to the extent of Rs.84,420/- and made adhoc disallowance of 25% by following the assessment made in the assessment year 2013-14. The revenue has not brought any material suggesting that this expenditure was not incurred for the purpose of business, therefore, we do not see any infirmity into the order of the Ld. CIT(A) and the same is hereby affirmed. Ground raised by the revenue is rejected.

36. Ground No.9 is against deleting the addition of contract receipts of Rs.7,20,692/-.

37. Ld. D.R. relied upon the order of the A.O. and submitted that the Ld. CIT(A) was not justified in deleting the addition and submitted that the A.O. had rightly made addition by observing that the assessee had not reflected the receipts in the profit & loss account.

38. Ld. Counsel for the assessee opposed the submissions of the Ld. D.R. and submitted that the assessee has duly disclosed these receipts and hence, supported the order of the Ld. CIT(A).

39. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. The Ld. CIT(A) has given finding on fact in para Nos.17.3 of his order in this regard, which is reproduced as under:

“17.3 I have considered the facts of the case and the written submission of the appellant. Upon perusal of 26AS statement of tax deducted by Gujrat Ambuja Export Ltd. and the copy of Ledger A/c of Gujrat Ambuja in the books of the appellant, the claim of the appellant that the sums on which tax has been deducted u/s 194H/194C pertain to freight, Hammali and Adhat recovered in sale

bills and already account for in the books of the appellant is found to be correct. A reference to the ledger account of Gujrat Ambuja Exports Ltd. reveals that the amount of sales is inclusive of the Hammali, Adhat and Freight Charges. The addition made by the A.O. is, accordingly, deleted.”

*The ground of appeal is **allowed.**”*

40. This finding is not controverted by the revenue by placing any other material, therefore, we do not see any infirmity into the order of the Ld. CIT(A) and the same is hereby affirmed. Ground raised by the revenue is rejected.

41. In the result, the appeal filed by the revenue is partly allowed.

42. Now we take up the assessee's appeal in ITA No.1345/Ind/2016. The assessee is in appeal before this Tribunal in respect of the additions sustained by the Ld. CIT(A). The assessee has raised following grounds of appeal:

1. *That the learned CIT(A) erred in not holding that the assessment order was bad in law. It was perverse; (2) it was based on irrelevant material; (3) it was unreasonable; (4) it was based on no evidence; (5) it was based on material not on record; (6) it suffers from the vice of non application of mind to the vital and important*

matters; (7) the decision or the order is such that no reasonable man can conclude upon the appraisal of the fact on record.

- 2. That the learned CIT(A) erred in not holding that the assessment order passed by the A.O. was without following rule of natural justice and fair play and was therefore a nullity and the same may be declared null and void.*
- 3. That the learned CIT(A) erred in maintaining the addition of Rs.22,41,758/- on account of purchase.*
- 4. That the learned CIT(A) erred in maintaining addition of Rs.7,99,254/- on account of payment of Electricity charges being 100% disallowance of expenses.*
- 5. That the learned CIT(A) erred in maintaining addition of Rs.4,09,893/- expenses on Adhat Sales (Rs.3,44,388/-) and Dalali (Rs.65,505/-) Expenses being the 100% of expenses.*
- 6. That the learned CIT(A) erred in maintaining addition of Rs.2,14,897/- on account of discount allowed.*
- 7. That the learned CIT(A) erred in maintaining addition of Rs.4,53,478/- on account of Claim against sales and shortage claims.*
- 8. That the learned CIT(A) erred in maintaining addition of Rs.30,075/- on account of wages expenses.*

At the time of hearing, Ld. Counsel for the assessee submitted that he does not wish to press ground Nos.1&2. Ground Nos.1 & 2 are accordingly dismissed as not pressed.

43. Ground No.3 of the assessee's appeal is in respect of sustaining addition of Rs.22,41,785/- made on account of purchases. Ld. Counsel for the assessee vehemently

argued that the authorities below were not justified in making the additions in respect of the purchases. He submitted that all the purchases are made through Mandi. He reiterated the submissions as made in the written synopsis.

44. Ld. D.R. opposed the submissions and supported the orders of the authorities below. He submitted that the assessing officer had made addition on account of the assessee's failure to support purchases.

45. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. There is no dispute with regard to the fact that the authorities below have accepted the purchases. However, the disallowance has been made purely on adhoc and estimation basis. None of the authority has brought any material on record suggesting that the claim of the assessee was wrong in respect of

purchases made from Mandi. The assessee has also paid taxes. Payment of Mandi tax and Nirashrit tax is quarterly reported to the Commercial Tax authorities. There is no adverse material brought on record. Under these facts, the adhoc disallowance made by the authority below cannot be sustained. This ground of the assessee's appeal is allowed.

46. Ground No.4 is against disallowance of electricity expenses. Ld. Counsel for the assessee reiterated the submissions as made in the written submissions.

Ground No.4: Maintaining addition of electricity charges Rs.7,99,254/-

The appellant is storing its stocks at Garg warehouse belonging to her husband Shri Vinod Kumar Agrawal. The manufacturing activities of atta is also undertaken in the same premises. The payment of electricity bills are towards running of manufacturing unit and electricity used at night for loading and unloading of trucks. The disallowance of 100% expenses and upholding the same by learned CIT(A) is against the natural justice when the entire expenses have been incurred for the purposes of business and no element of personal expenses are involved. Only the bills are in the name of "Garg Warehouse" should not be a reason for disallowance of expense when the same is used for the appellant business. The appellant prays for deleting of the entire addition upheld by the learned CIT(A).

Power used respondent relies on the learned CIT(A) order for deletion of diesel expenses. The respondent has submitted complete detail before learned CIT(A). The expenses is with respect to running of Generator set for running of atta unit as the power remains in shortage and erratic and failure of supply.

47. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. The Ld. CIT(A) sustained these additions by observing as under:

“8.3 In the remand report submitted by the A.O., it was stated that no electricity bills in the name of Rama Garg were produced by the assessee. The assessee produced only one bill, that too in the name of M/s. Garg warehousing. In the rejoinder, it has been stated by the assessee that M/s. Garg Warehousing is owned by Mr. Vinod Agarwal, husband of the appellant. The warehousing License has been surrendered and the said premises were used by the appellant for her business activities during the year without paying any consideration. Hence the electricity expenses have been debited to the books of the appellant.

8.4 I have considered the facts of the case and the submissions of the appellant. It is an admitted fact that the electricity connection/bills are in the name of Ms. Garg Warehousing. Apart from making this contention, the appellant has brought no material/evidence on record to show that the said premises were indeed used for the business of the appellant. In the absence of any evidence, the contention of the appellant remains unsubstantiated. Addition on identical issue has also been made u/s 143(3) in the succeeding assessment. In view of the above, the addition made by the A.O. is upheld. The ground of appeal is dismissed.”

48. Before this Tribunal, the assessee has not brought any material suggesting that there was any understanding with the proprietor of M/s. Garg Warehousing in respect of electricity bill to be paid by the assessee. In the absence of

such material, we do not see any infirmity into the order of the authorities below and the same is hereby dismissed.

49. Ground No.5 is against maintaining addition of Adhat sales and the dalali expenses totalling to Rs.4,09,893/-. Ld. Counsel for the assessee reiterated the submissions as made in the written submissions. The submissions of the assessee are that the goods were sold through Adhatia and Brokers. She had incurred Rs.3,44,388/- towards other expenses and Rs.65,505/- towards dalali expenses. The expenses are towards sales made through the Adhatia. It is contended that 100% disallowance of expenses is not justified. Ld. D.R. supported the orders of the authorities below and submitted that the assessee could not prove the expenses were made for business purposes.

50. We have heard the rival submissions, perused the materials available on record and gone through the orders

of the authorities below. The A.O. has disallowed the expenses on the basis of non production of the details with supporting vouchers, same was affirmed by the Ld. CIT(A). The assessee could not point out that it had produced the vouchers and details in support of these expenses. It is incumbent upon the assessee to prove that expenditure was incurred for the business purposes. Thus, this ground of the assessee's appeal is rejected.

51. Ground No.6 is regarding maintaining addition of Rs.2,14,897/- on account of discount claim. Ld. Counsel for the assessee reiterated the submissions as made in the written submissions. It is contended that issuance of discount is linked with the sales of the appellant. The entire sales has been considered and the discount issued is also on the sales. The disallowance of 20% expenses is contrary to the law.

52. Ld. D.R. opposed the submissions and supported the order of the A.O.

53. We have heard the Ld. Representatives of the parties. The Ground No.6 is against maintaining addition of Rs.2,14,897/- on account of discount allowed. We find that the revenue has also raised ground against deleting the addition on account of discount allowed. In cross appeal, the revenue has also raised ground against deletion of addition in ITA No.1321/Ind/2016 as ground No.3. The facts and circumstances are identical. The parties have adopted the same argument. We have already decided this issue above in favour of the revenue by observing as under:

“12. Ground No.3 is against deleting the addition made on account of discount expenses of Rs.8,59,589/-.

13. Ld. D.R. supported the assessment order and relied upon the findings given by the A.O.

14. On the contrary, Ld. Counsel for the assessee submitted that the authorities below was not justified in making the addition.

15. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. The Ld. CIT(A) decided the issue by holding as under:

“11.2 Discount of Rs.10,74,486/- has been claimed during the year as against Rs.6,73,327/- claimed in the succeeding assessment year 2013-14. Both the purchases and the sales are higher in A.Y. 2013-14 (as mentioned in para 7.2 above) and yet less discount has been paid. No bills/evidence has been produced during assessment proceedings or the remand proceedings. During appeal proceedings no details have been filed of discount given. In the absence of any details, the disallowance of expenditure is sustained to the extent of 20% of the same. An addition of Rs.2,14,897/- is upheld. Addition of Rs.8,59,589/- is deleted. The ground of appeal is partly allowed.”

16. We find that the A.O. had disallowed these expenses on the basis of no evidences has been furnished. It is incumbent upon the assessee to furnish supporting evidences or any expenditure related to be incurred by her. No such evidence has been placed. Therefore, the finding of the Ld. CIT(A) cannot be sustained, hence, we reverse this finding of the Ld. CIT(A) and restore the finding of the assessing officer. This ground of the revenue's appeal is allowed.”

54. Therefore, this ground of the assessee's appeal is dismissed.

55. Ground No.7 is on account of maintaining addition of Rs.4,53,478/- on account of claim against sales and shortage claim.

56. Ld. Counsel for the assessee submitted that authorities below were not justified in making the addition and sustained the same.

57. On the contrary, Ld. D.R. opposed the submissions and supported the order of the A.O.

58. We have heard the rival submissions, perused the materials available on record and gone through the orders of the authorities below. We find that the additions have been made purely on adhoc basis without considering the material placed on record. Since this expenditure is related to the business of the assessee, therefore, the claim is allowed. The A.O. is directed to delete this addition.

59. Ground No.8 is against maintaining the addition of Rs.30,075/- on account of wages expenses.

60. Ld. Counsel for the assessee submitted that the additions have been made purely on estimation basis without considering the facts and the evidences places on record. We find that both the authorities have made addition on adhoc basis. The A.O. has not given any

reason as to why 25% of the wages is disallowable.

Therefore, we direct the A.O. to delete this addition.

61. In the result, both the appeals filed by the assessee and revenue are partly allowed.

Order was pronounced in the open court on 05.02.2019.

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(KUL BHARAT)
JUDICIALMEMBER

Indore; दिनांक Dated : 05/02/2019
VG/SPS

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

By order

Assistant Registrar, Indore