

**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'SMC' BENCH, KOLKATA**

(Before Sri J. Sudhakar Reddy, Accountant Member)

ITA No. 2227/Kol/2018
Assessment Year: 2013-14

Avadh Mercantile Co. Ltd.....Appellant
4, India Exchange
6th Floor
Kolkata - 700 001
[PAN : AACCA 1137 F]

Vs.

Income Tax Officer, Ward-4(3), Kolkata.....Respondent

Appearances by:

Shri Raj Kumar Agarwal, A/R, appeared on behalf of the assessee.

Shri Satyajit Mondal, Addl. CIT Sr. D/R, appearing on behalf of the Revenue.

Date of concluding the hearing : March 27th, 2019

Date of pronouncing the order : March 29th, 2019

ORDER

Per J. Sudhakar Reddy, AM :-

This is an appeal filed by the assessee directed against the order of the Learned Commissioner of Income Tax (Appeals) - 2, Kolkata, (Id. CIT(A)) passed u/s. 250 of the Income Tax Act, 1961, (the 'Act'), dt. 21/08/2018, for the Assessment Year 2013-14.

2. The assessee is a domestic company. It deployed funds in interest bearing securities through ICICI Prudential Management Fund and it paid the said fund managers, portfolio management fees for the management services. This was claimed as revenue expenditure. The Assessing Officer was of the view that this fee paid ICICI Prudential Management Fund, was capital in nature and disallowed the same. The Id. CIT(A) confirmed this disallowance.

3. After hearing rival contentions, I find that the assessee is an investment company and deploys its funds in both debt portfolio as well as other investments. It had taken the services of ICICI Prudential Management Fund, for managing its investments in debt portfolio. The fund manager have paid/credited the income accruing on such investments to the assessee, after deducting tax therefrom their portfolio management fee. On these facts, we are of the considered opinion that

expenditure is not in the capital field and has to be allowed as a charge against the income of the assessee. Hence this ground of the assessee is allowed.

4. Ground No. 2 is on the disallowance of travelling expenditure of Rs.15,35,153/- on the ground that the same is personal in nature.

The Assessing Officer has disallowed the expenditure on the ground that, the same was not incurred for the purpose of business. The assessee undertook foreign tours through NIMBUS Tours & Travels and had visited London and U.S.A. It had also not claimed any expenses for local tour or travelling or conveyance at these places. This is surprising. No evidences whatsoever were filed to substantiate the claim of the assessee that the expenditure on foreign travel was incurred in connection with business. The assessee also admitted that there was no business activity undertaken with these foreign countries till date. In the absence of evidence supporting the claim of the assessee, we uphold the order of the Id. CIT(A) on this issue and dismiss Ground No. 2 of the assessee.

5. In the result, appeal of the assessee is allowed in part.

Kolkata, the 29th day of December, 2018.

Sd/-

[J. Sudhakar Reddy]

Accountant Member

Dated : 29.03.2019

{SC SPS}

Copy of the order forwarded to:

1. ***Avadh Mercantile Co. Ltd***

4, India Exchange

6th Floor

Kolkata - 700 001

2. ***Income Tax Officer, Ward-4(3), Kolkata***

3. CIT(A)-

4. CIT- ,

5. CIT(DR), Kolkata Benches, Kolkata.

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By Order

Assistant Registrar
ITAT, Kolkata Benches

