

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'D' BENCH: CHENNAI

श्री एन.आर.एस. गणेशन, न्यायिक सदस्य एवं श्री एस जयरामन, लेखा सदस्य के समक्ष
BEFORE SHRI N.R.S. GANESAN, JUDICIAL MEMBER AND
SHRI S. JAYARAMAN, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.640/Chny/2017

निर्धारण वर्ष /Assessment Year: 2012-13

M/s. Leo Prime Comp (Private) Ltd.,
61 & 62, Lakshmanan Nagar,
Kandanchavadi,
Chennai – 600 096.

Vs. The Dy. Commissioner of Income
Tax,
Corporate Circle-4(1),
Chennai.

[PAN: AAACL 1901E]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by

: Shri S. Sridhar, Advocate

प्रत्यर्थी की ओर से /Respondent by

: Dr. S. Pandian, JCIT

सुनवाई की तारीख/Date of Hearing

: 25.07.2019

घोषणा की तारीख /Date of Pronouncement

: 16.10.2019

आदेश / O R D E R

PER SHRI S. JAYARAMAN, ACCOUNTANT MEMBER:

The Assessee filed this appeal against the order of the
Commissioner of Income Tax (Appeals)-8, Chennai in ITA No.51/2015-
16 dated 03.02.2017 for the assessment year (AY) 2012-13.

2. M/s. Leo Prime Comp (Private) Ltd., the assessee, is engaged in
the business of manufacturing of auto components required for various

industries. While making the assessment for AY 2012-13, the Assessing Officer (AO), inter alia, disallowed Rs. 1,37,61,000/- claimed to have been incurred for business promotion expenses. Aggrieved against that order, the assessee filed an appeal before CIT(A). The Id. CIT(A) dismissed this issue. Aggrieved against that order of the Id. CIT(A), the assessee filed this appeal.

3. The Id. Authorized Representative submitted that the Id. CIT(A) erred in sustaining the business of promotion expenses without appreciating that the various expenses were incurred wholly and exclusively for the purpose of business and without considering the submission made by the assessee before the AO as well as the Id. CIT(A). Per contra, the Id. Departmental Representative (DR) submitted that the assessee has filed various data, gross value of business promotion expenditure etc. for the last three years etc. however, it did not explain the nature of the expenditure and how it is relevant to the business activity etc. Therefore, the AO disallowed the above sum, which has been rightly dismissed by the Id. CIT(A). The Id. AR rebutted stating that the assessee's company is primarily in customer and product specific market, manufacturing customized products as the requirements of the customer, it was having six manufacturing plants at various locations of Tamil Nadu and Pondicherry. Considering the size of the

company and the industry in which it operates, the scale of business etc. it is necessary for the company to incur business promotion expenses. The assessee has incurred business promotion to the extent of 1.61% of the turnover, which is reasonable and acceptable and hence, pleaded to allow the appeal.

4. We heard the rival submissions and gone through the relevant material on record. Though the assessee has provided statistical data etc, it is seen that it has not furnished the basic requirements like the nature of the expenditure, the relevancy of business expenditure etc. In the facts and circumstances of the case, we deem it fit to remit this issue back to the file of AO for a fresh examination. Since, the assessee is claiming the expenditure, the onus is on the assessee to lay all material in support of its contention and explain the nature of expenditure and the business expediency etc. before the authorities concerned. Therefore, the assessee shall lay all material in support of its contention before the AO and comply with the requirements of the AO in accordance with law. The AO is at liberty to conduct appropriate enquiry as deemed fit, however, he shall afford adequate opportunity to the assessee on the material etc. to be used against it and after considering the assessee's reply etc. shall pass an order in accordance with law.

5. In the result, the appeal filed by the assessee is treated as allowed for statistical purposes.

Order pronounced in the open Court on 16th October, 2019 in Chennai.

Sd/-

(एन.आर.एस. गणेशन)

(N.R.S. GANESAN)

न्यायिक सदस्य/JUDICIAL MEMBER

Sd/-

(एस. जयरामन)

(S. JAYARAMAN)

लेखा सदस्य /ACCOUNTANT MEMBER

चेन्नई/Chennai, दिनांक/Dated: 16th October, 2019.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant 2. प्रत्यर्थी/Respondent 3. आयकर आयुक्त (अपील)/CIT(A) 4. आयकर आयुक्त/CIT 5. विभागीय प्रतिनिधि/DR 6. गार्ड फाईल/GF