

INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "B": NEW DELHI  
BEFORE SHRI SUDHANSHU SRIVASTAVA, JUDICIAL MEMBER  
AND  
SHRI PRASHANT MAHARISHI, ACCOUNTANT MEMBER

ITA No. 3545/Del/2017  
(Assessment Year: 2013-14)

Flora And Fauna Land and Housing Development Pvt Ltd, 24A, Pocket-C, Siddharth Extension, New Delhi PAN: AABCF0441Q	Vs.	DCIT, Central Circle-29, New Delhi
(Appellant)		(Respondent)

Assessee by :	None
Revenue by:	Shri Amrit Lal, Sr. DR
Date of Hearing	04/11/2019
Date of pronouncement	03/02/2020

ORDER

PER PRASHANT MAHARISHI, A. M.

1. This appeal is filed by the assessee against the order of the Id CIT(A)-31, New Delhi dated 31.03.2017 for the Assessment Year 2013-14.
2. The assessee has raised the following grounds of appeal:-
  - “1. *The learned Commissioner of Income-tax (Appeals) - 31, New Delhi, has erred law as well as in fact by enhancing the assessee’s income by an amount Rs.47,99,100/-.*
  2. *The learned Commissioner of Income-tax (Appeals) - 31, New Delhi, has erred in law as well as in fact by not appreciating the fact that the expenditure was met through the banking channels and thus incorrectly relied upon the decision of the Hon'ble Bombay High court in the case of Mount Finance Ltd.*
  3. *The learned Commissioner of Income-tax (Appeals) - 31, New Delhi, has erred in law as well as in fact by not appreciating the fact that the expenditure was met through the banking channels and thus incorrectly relied upon the decision of the Hon'ble Delhi High court in the case of Modi Stone Ltd.*
  4. *The learned Commissioner of Income-tax (Appeals) - 31, New Delhi, has erred in law as well as in fact and failed to give any finding on the submission made by the*
3. The brief facts of the case shows that the assessee filed its return of income on 29.09.2013 declaring taxable income of Rs. 75,88,02,240/-. The

assessment u/s 143(3) was made at Rs. 76,31,80,250/-. The assessee preferred an appeal before the Id CIT(A) but in fact he enhanced the income of the assessee and dismissed the appeal. Therefore, the assessee is in appeal before us.

4. The assessee is engaged in the business of the wholesale distribution of country liquor and deriving its income from business and other sources.
5. Despite notice to the assessee none appeared, therefore, the issue is decided on the merits of the case as per information available on record.
6. The first ground of appeal with respect to the enhancement of income by the Id CIT(A). The Id AO disallowed a sum of Rs. 30 lakhs under the head “truck running and maintenance expenditure” out of total expenditure of Rs. 6,64,94,362/- as the assessee did not furnish the details of large number of small expenses for which proper bills and vouchers before the Id AO and therefore, he made an estimated disallowance of Rs. 30 lakhs.
7. On appeal before the Id CIT(A) against the submission of the assessee, the remand report of the AO was sought for, in the remand report after detailed verification the Id AO held that the assessee did not have verifiable details of expenditure amounting to Rs. 77,99,100/-. Therefore, the Id CIT(A) issued notice for enhancement of income of Rs. 47,99,100/-. No explanation was given by the assessee before the Id CIT(A) and therefore, income was enhanced TO Rs. 47,99,100/-. This is challenged as per ground No. 1 to 4 of the appeal.
8. The Id DR referred to the order of the Id CIT(A) as well as the remand report incorporated by the Id CIT(A) in his order. The crux of the submission was that the Id AO has found the details of non verifiable expenditure for which assessee did not have any proof and such amount has been disallowed by the Id CIT(A). He, therefore, submitted that the above disallowance may be confirmed.
9. We have carefully considered the rival contentions. It is apparent that out of total expenditure of Rs. 6,64,94,362/- the Id AO made disallowance of Rs. 30 lakhs on ad hoc basis. Before the Id CIT(A) the matter was remanded to AO for verification of truck running and maintenance expenditure. In the remand proceedings the Id AO examined the complete details and found that sum of Rs. 77,99,100/- was not substantiate with corresponding proof

of the expenditure incurred. Out of which all the account head such as diesel expenses, lubricant expenditure, salary to drivers, tyre retreading expenses, and tyre and tube expenditure. The ld AO found that Rs. 7799100/- is expenditure not supported with any evidence. As the ld AO has disallowed Rs. 30 lakhs on ad hoc basis the ld CIT(A) issued enhancement notice for the balance sum of Rs. 4799100/-. No explanation was provided by assessee before him. The ld CIT(A) therefore, enhances disallowance of Rs. 4799100/-. The disallowance made by the ld CIT(A) is also supported by the decision of Hon'ble Bombay High Court mentioned in para 8.2 of the order where without the details of expenses and without any evidence to support the claim, the disallowance was upheld. In view of this, we do not find any infirmity in the order of the ld CIT(A). Accordingly, ground No. 1 and 4 of the appeal are dismissed.

10. In the result appeal of the assessee is dismissed.

Order pronounced in the open court on 03/02/2020

-Sd/-  
(SUDHANSHU SRIVASTAVA)  
JUDICIAL MEMBER

-Sd/-  
(PRASHANT MAHARISHI)  
ACCOUNTANT MEMBER

Dated: 03/02/2020  
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi