

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH: 'I(2) + SMC' NEW DELHI**

**BEFORE MS SUCHITRA KAMBLE, JUDICIAL MEMBER,  
AND  
SHRI B. R. R. KUMAR, ACCOUNTANT MEMBER**

**ITA No. 2651/DEL/2019 ( A.Y 2015-16)**

Glaze Infra Developes Pvt. Ltd. U-2, 3 <sup>rd</sup> Floor, Green Park, New Delhi AADCG4102B  <b>(APPELLANT)</b>	Vs	DCIT Circle-10(1) C.R. Building, New Delhi  <b>(RESPONDENT)</b>
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<b>Appellant by</b>	<b>Sh. T. R. Talwar, Adv</b>
<b>Respondent by</b>	<b>Sh. Pradeep Singh Gautam, Sr. DR</b>

<b>Date of Hearing</b>	<b>27.02.2020</b>
<b>Date of Pronouncement</b>	<b>08.05.2020</b>

**ORDER**

**PER SUCHITRA KAMBLE, JM**

This appeal is filed by the assessee against the order dated 15/01/2019 passed by CIT(A)- 22 for Assessment Year 2015-16.

2. The grounds of appeal are as under:-

1. *“On the facts and circumstances of the case, the Ld.CIT(A) has erred:-*

1. *In disallowing the expenditure of Rs. 14,82,863/- representing rent expenses (Rs. 5,25,000/-) salary and wages Rs. 7,61,144/- and transaction charges (Rs. 1,35,020/-) claimed by the appellant company when the business has been set up.*

2. *In not allowing the above expenses when the same have been incurred in pursuit of the business set up by the assessee.”*

3. The assessee company is engaged in the business of contractors and builders. The assessee filed its return of income declaring loss of Rs.6,85,038/- on 26/09/2015. The Assessing Officer made disallowance of Rs.14,82,863/- in respect of expenses claimed by the assessee.

4. Being aggrieved by the assessment order, the assessee filed appeal before the CIT(A). The CIT(A) partly allowed the appeal of the assessee.

5. The Ld. AR submitted that the business was not at all closed down by the assessee and very much operational during the relevant assessment year. Merely incurring loss cannot make the assumption that the expenses have not been incurred during the current year. The rent expenses of office purpose and salary and wages for the work to be done is a necessity and is requirement for running the business. Therefore, the Assessing Officer as well as the CIT(A) was not correct in disallowing the same.

6. The Ld. DR relied upon the assessment order as well as order of the CIT(A).

7. We have heard both the parties and perused the material available on record. The submission of the Assessee before the Revenue authorities was that the assessee has not earned any operational income but the business was operational during the year. The assessee earned only other income and against the said income the assessee claimed the other expenses only which are wholly and exclusively for the purpose of trade and business of the assessee. This aspect was never disputed by the Revenue at any point of time. Thus, the business of the assessee was very much operational in this particular year as well. Therefore, rent charges and salary wages and expenses cannot be disallowed as the business of the assessee was operational. Hence, the CIT(A) as well as the Assessing Officer was not right in disallowing the said

expenses. Therefore, the appeal of the assessee is allowed.

8. In result, the appeal filed by the assessee is allowed.

**Order pronounced on this 08<sup>th</sup> Day of MAY, 2020.**

**Sd/-  
(B. R. R. KUMAR)  
ACCOUNTANT MEMBER**

**Sd/-  
(SUCHITRA KAMBLE)  
JUDICIAL MEMBER**

Dated: 08/05/2020  
R. Naheed

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR  
ITAT NEW DELHI

Date of dictation	27.02.2020
Date on which the typed draft is placed before the dictating Member	28.02.2020
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr. PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr. PS/PS	
Date on which the final order is uploaded on the website of ITAT	13.05.2020
Date on which the file goes to the Bench Clerk	
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	