

IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCH "SMC", PUNE – VIRTUAL COURT

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND  
SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER

ITA No.465/PUN/2019

निर्धारण वर्ष / Assessment Year : 2014-15

M/s. Komal Agency, Shop No.1, Ist Floor, R, Shashtri Path, Nashik Road, Nashik-422101 PAN : AANFK3535H	Vs.	ITO, Ward-1(3), Nashik
Appellant		Respondent

Assessee by Shri Piyush Bafna  
Revenue by Smt. Nishtha Tiwari/  
Smt. Shraddha Nichal

Date of hearing 31-07-2020  
Date of pronouncement 31-07-2020

आदेश / ORDER

**PER R.S.SYAL, VP :**

This appeal by the assessee is directed against the order passed by the CIT(A)-1, Nashik dated 01-01-2019 in relation to the assessment year 2014-15.

2. The only issue raised in this appeal is against the confirmation of disallowance of expenses amounting to Rs.5,33,184/-.

3. Briefly stated, the facts of the case are that the assessee is a partnership firm engaged in the business of wholesale recharge vouchers. A return of income was filed declaring Nil income. The assessee recorded turnover of Rs.2.34 crores. In the Profit and Loss account, certain expenses totaling to Rs.5,33,184/- were debited. During the course of assessment proceedings, the assessee failed to furnish details of such expenses, which led to the disallowance of entire expenses. The ld. CIT(A) echoed the assessment order on this point. The assessee is aggrieved by the sustenance of disallowance of full expenses.

4. We have heard both the sides through Virtual Court and gone through the relevant material on record. Out of the total expenses disallowed by the Assessing Officer, Interest on partners' capital stands at Rs.17,128/- and remuneration to partners figures at Rs.1,46,348/-. Salary and interest to the partners have to be allowed in terms of section 40(b) of the Act. We, therefore, direct to allow these expenses. It is further observed that the assessee paid certain expenses through banking channels, such as, Bank commission amounting to Rs.52,259/-, Salary (staff) at Rs.2,37,486/- and Telephone expenses at Rs.11,763/-. Since these

payments were made through banking channel, as has been specifically stated before the Id. CIT(A) as well, there cannot be any question of disallowance of such expenses by their very nature. As regards the other remaining expenses, we order to make disallowance at 20%. In other words, full amount of Salary and interest to partners along with Bank commission, Telephone bills and Salary to staff together with 80% of other expenses are allowed.

5. In the result, the appeal is partly allowed.

Order pronounced in the Open Court on 31<sup>st</sup> July, 2020.

Sd/-  
**(S.S. VISWANETHRA RAVI)**  
**JUDICIAL MEMBER**

Sd/-  
**(R.S.SYAL)**  
**VICE PRESIDENT**

पुणे Pune; दिनांक Dated : 31<sup>st</sup> July, 2020  
*Satish*

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:**

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The CIT(A)-1, Nashik
4. The Pr. CIT-1, Nashik  
विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे /  
DR 'SMC', ITAT, Pune
5. गार्ड फाईल / Guard file

**आदेशानुसार/ BY ORDER,**

**// True Copy //**

Senior Private Secretary  
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	31-07-2020	Sr.PS
2.	Draft placed before author	31-07-2020	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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