

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL 'A' BENCH: CHENNAI

श्री वी दुर्गा राव, न्यायिक सदस्य एवं श्री एस. जयरामन, लेखा सदस्य के समक्ष

**BEFORE SHRI V. DURGA RAO, JUDICIAL MEMBER AND
SHRI S. JAYARAMAN, ACCOUNTANT MEMBER**

**I.T.A. No.3238/Chny/2018
Assessment Year: 2014-2015**

Shri Kishore George,
No.14-6-B,
Kaliyal Village, Kaliyal Post,
Vilavancode Taluk,
Kanyakumari District – 629 101.

Commissioner of Income Tax
(Appeals)-1,
Vs. Central Revenue Building,
V.P. Rathinaswamy Nadar Road,
Bibikulam,
Madurai – 625 002.

[PAN: ABWPG 4336J]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by

: Mr. N. Arjunraj, Advocate for
Shri S. Sridhar, Advocate

प्रत्यर्थी की ओर से /Respondent by

: Mr. Suresh Periasamy, JCIT

सुनवाई की तारीख/Date of Hearing

: 17.11.2020

घोषणा की तारीख /Date of Pronouncement

: 18.11.2020

आदेश / ORDER

PER V. DURGA RAO, JUDICIAL MEMBER:

This appeal filed by the Assessee is directed against the order of the learned Commissioner of Income Tax (Appeals)-1, Madurai in I.T.A. No.49/2017-18, dated 31.08.2018 relevant to the assessment year 2014 - 2015.

2. The brief facts of the case is that the Assessee is an individual carrying on the business of quarrying granite boulders and manufacturing blue metal since the year 1988. For the Assessment Year 2014 – 2015, the Assessee has claimed business expenditure amounting to Rs.19,98,529/- which relates to the course fee paid to INSEAD and also Training and Coaching fee paid to Smmart Transganization (P) Limited amounting to Rs.16,85,400/-. In the Assessment Order, the Assessing Officer has noted that the Assessee is on the verge of closure of the business due to Government imposing ban on mining and as the license granted by the Government to the Assessee has expired and therefore the expenditure incurred by the Assessee cannot be allowed. He further stated that there is a decrease in the production and turnover and therefore the Assessee by taking training had no business benefit. Therefore, on this count also, the expenditure incurred by the Assessee was denied.

The case of the Assessee before the Assessing Officer is that the Assessee has taken a training that was conducted by INSEAD which was one among the top business schools in the world. The name of the programme is “Transition to General Management

Programme” which is a four week programme conducted in France and Singapore. The programme covers Organization leadership, Finance and Management Accounting, Operations Management, Negotiation and decision making, Personal Leadership Development and other subjects. He also submitted that he had also undergone a training from M/s. Smmart Transganization Private Limited for transforming the organization by implementing systems and process. So far as suspension of business is concerned, his license is pending with the Government and therefore he is waiting for the extension of the license and submitted that all the expenditure incurred by the Assessee is for the business purposes.

3. The Assessing Officer did not agree and disallowed all the expenditure incurred by the Assessee.

4. On the other hand, the learned Commissioner of Income Tax (Appeals) has confirmed the same.

5. On appeal, before us, he reiterated the submissions before the Assessing Officer. The learned Departmental Representative strongly supported the orders of the authorities below and also

further submitted that the training undergone by the Assessee and the business carried on by the Assessee has no nexus. Therefore, the expenditure incurred by the Assessee cannot be stated for the purpose of business and the same cannot be allowed.

6. We have heard both the sides, perused the materials available on record and gone through the orders of the authorities below.

7. It is a fact that the Assessee is carrying on the business of quarrying granite boulders and manufacturing blue metal. He had admitted a total income of Rs.38,93,150/-. As per the assessment order itself, the turnover of the Assessee being Rs.29,54,97,909 had fallen to Rs.4,95,00,138/-. Undoubtedly, the Assessee is carrying on the business. During the years under consideration, the Assessee underwent two training programmes and paid an amount of Rs.19,98,529/- and also Rs.16,85,400/-. The Assessing Officer has not doubted the payment, thus it is a genuine payment. The only doubt and objection raised by the Assessing Officer is that the expenditure incurred by the Assessee cannot be allowed because the production and turnover had fallen down and Government has not extended his license. The view expressed by the Assessing

Officer was also confirmed by the learned Commissioner of Income Tax (Appeals). From the assessment order and also from the order of the learned Commissioner of Income Tax (Appeals) and by considering the arguments of the Assessee and also the arguments of the learned Departmental Representative, we find that the expenditure incurred by the Assessee is a genuine expenditure and the training undergone by the Assessee is also a genuine one and that it relates to business. Though, it may not be directly connected to the business of the Assessee but it relates to the Assessee to run the business with better management skills for his business and also in implementing the systems process in his manufactures. In our opinion, every businessman have a right to acquire knowledge and special skills in management for implementation of systems and new techniques. In the present case, the Assessee has did the same thing. Simply because the turnover has fallen down and further granting license is pending before the Government are not at relevant factors to deny the business expenditure claimed by the Assessee.

8. In view of the above, we are of the opinion that the entire expenditure incurred by the Assessee for attending two separate

training courses for acquiring knowledge and technical expertise for better management of the process are directly connected to the business of the Assessee. Therefore, the same has to be allowed. Accordingly, we set aside and cancel the order passed by the learned Commissioner of Income Tax (Appeals) and allow the appeal filed by the Assessee.

9. In the result, the appeal of the Assessee in I.T.A.No.3238/Chny/2018 is allowed.

Order pronounced on 18th November, 2020 in Chennai.

Sd/-

(श्री एस. जयरामन)

(S. JAYARAMAN)

लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-

(वी दुर्गा राव)

(V. DURGA RAO)

न्यायिक सदस्य/JUDICIAL MEMBER

चेन्नई/Chennai, दिनांक/Dated: 18th November, 2020

IA, 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