

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, AHMEDABAD
(CONDUCTED THROUGH VIRTUAL COURT)**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER &
Ms. MADHUMITA ROY, JUDICIAL MEMBER**

I.T.A. No. 2945/Ahd/2017
(Assessment Year: 2013-14)

Sagar Drugs & Pharmaceuticals Pvt. Ltd. 'Sagar', Opp. Kamdhenu Complex, Nr. Sahajanand College, Ambawadi, Ahmedabad-380015	Vs.	Dy. Commissioner of Income Tax, Circle-4(1)(2), Ahmedabad
PAN No. AADCS9311E		
(Appellant)	..	(Respondent)

Appellant by :	Ms. Urvashi Sodhan, AR
Respondent by :	Shri R. R. Makwana, Sr. DR

Date of Hearing	04.01.2021
Date of Pronouncement	06.01.2021

ORDER

PER Ms. MADHUMITA ROY - JM:

The instant appeal filed by the assessee is directed against the order dated 24.10.2017 passed by the Commissioner of Income Tax (Appeals) –8, Ahmedabad arising out of the order dated 25.1.2016 passed by the DCIT, Circle-4(2)(1), Ahmedabad under Section 143(3) of the Income Tax Act, 1961 (hereinafter referred as to 'the Act') for Assessment Year 2013-14.

2. The effective first ground relates to disallowance of directors' foreign travel expenses of Rs. 16,68,842/- i.e. 50% of the total expenses of Rs. 33,37,683/- on the ground that the same was not being incurred for business purposes.

The directors of the assessee company visited Dubai, Singapore, U.S.A., Thailand and Bangkok where expenses of Rs. 33,37,683/- was incurred on search foreign travel. The Ld. AO disallowed the same. In appeal the Ld. CIT(A) allowed only the 50% of the total expenses on the ground that the assessee has no business transaction with the Dubai and U.S.A. and Bangkok. The assessee's case is this that the directors of the companies visited those places to attend meeting and trade fair. It is relevant to mention that the assessee's business is of manufacturing of dye intermediate and chemicals. In Dubai they attended the Beauty World expo. In U.S.A. they attended a meeting and discussed business proposal at trade fare. In Thailand they attended meeting of YPO Chapter Retreat. All the relevant documents in support of such tours indicating the business purposes of the assessee company were duly submitted before the authorities below as it appears from the order impugned as well as the Paper Book filed before us. Apart from that the case of the assessee on identical issue has been allowed for A.Y. 2012-13 and 2014-15, the Ld. AR drew our attention to the appellate order for A.Y. 2012-13 at Page 83 of the Paper Book filed before us and the assessment order for A.Y. 2014-15 at Page 99 of the Paper Book. Upon pursuant of the same we find that the issue is duly covered infavour of

- 3 -

the assessee and hence we delete the addition made by the authorities below.

3. The disallowance of interest expenses of Rs. 12,27,149/- for providing interest free loan for subsidiary company under Section 36(1)(iii) of the Act has been challenged before us.

The issue has already been finalized in favour of the assessee for A.Y. 2010-11 as appearing at Page 67 of the Paper Book filed before us. The investment and/or advances of its subsidiary companies had been considered for business purposes; the commercial expediency involved in the said transactions were also observed by the Ld. CIT(A). The Ld. AR drew our attention to the order passed by the Ld. Commissioner Appeal for A.Y. 2012-13 appearing at Page 80 and 81 of the Paper Book filed before us. The said issue was settled in view of the judgment and order passed by the Hon'ble Supreme Court in the case of SA Builders Ltd. vs. CIT, reported in 2007 158 taxmann.com 74 whereby and whereunder it was decided that in the event the fund is utilized by sister concerns for business purposes it was allowable. Since we do not find any deviation in the facts as available on record before us we find substance in assessee's counsel's submission and thus allow the ground by deleting the disallowance of interest expenses of Rs. 12,27,149/-.

4. Assessments of short term capital gain on sale of Mutual Funds of Rs. 24,93,962/- treating it as business income has been challenged before us.

- 4 -

At the onset of the hearing, the Ld. Counsel appearing for the assessee submitted before us that issue is covered in favour of the assessee from A.Y. 2003-04 to 2012-13 which is also evident from the order passed by the Ld. CIT(A) at Page 18 and 19.

5. The Ld. DR failed to controvert such submission made by the Ld. AR. Keeping in view the identical facts and in view of the rule of consistency we find no reason in disallowing such sale of Mutual Funds to the tune of Rs. 24,93,962/- as STCG and hence we delete the same.

6. In the result, assessee's appeal is allowed.

This Order pronounced in Open Court on	06/01/2021
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Sd/-
(WASEEM AHMED)
ACCOUNTANT MEMBER
Ahmedabad; Dated 06/01/2021
TANMAY, Sr. PS *TRUE COPY*
आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

Sd/-
(Ms. MADHUMITA ROY)
JUDICIAL MEMBER

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad