

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH: BANGALORE**

**BEFORE SHRI N.V. VASUDEVAN, VICE PRESIDENT AND  
SHRI B.R. BASKARAN, ACCOUNTANT MEMBER**

|                                      |
|--------------------------------------|
| ITA Nos.75 to 80/Bang/2018           |
| Assessment Years: 2008-09 to 2013-14 |

|                                       |            |   |
|---------------------------------------|------------|---|
| ACIT Central Circle-2(2)<br>Bangalore | <b>Vs.</b> | M/s. Global Finsol Pvt. Ltd.<br>No.1B, 1 <sup>st</sup> Floor, No.15<br>1 <sup>st</sup> Cross, Hebbal Pampa Extn.<br>Kempapura<br>Bengaluru-560 052.<br><br><b>PAN NO : AACCT4782B</b> |
| <b>APPELLANT</b>                      |            | <b>RESPONDENT</b>   |

|                      |   |                              |
|----------------------|---|------------------------------|
| <b>Appellant by</b>  | : | N O N E                      |
| <b>Respondent by</b> | : | Shri Vinod Kumar Naidu, A.R. |

|                       |   |            |
|-----------------------|---|------------|
| Date of Hearing       | : | 18.01.2021 |
| Date of Pronouncement | : | 18.01.2021 |

**ORDER**

**PER BENCH:**

All these appeals filed by the revenue are directed against the common order dated 12-10-2017 passed by Ld CIT(A)-11, Bangalore and they relate to the assessment years 2008-09 to 2013-14.

2. None appeared on behalf of the revenue. The Ld Counsel appearing for the assessee also sought adjournment. However, we notice that the issue contested by the revenue in the present appeals are simple and not complicated. Hence we proceed to dispose of the appeals. Accordingly the adjournment request of the assessee is rejected.

3. The solitary and common issue urged in all these appeals is whether the Ld CIT(A) was justified in deleting the disallowance of Printing & Stationery expenses made by the AO in all these years under consideration.

4. We heard Ld A.R and perused the record. The assessee is a corporate agent of Bajaj Alliance Life Insurance Company Ltd (BALIC) and is earning commission income. The revenue carried out search and seizure operations in the hands of the assessee on 20-10-2011. Consequent thereto, the present assessments were completed u/s 143(3) r.w.s. 153A of the Income-tax Act,1961 ['the Act' for short] for assessment years 2008-09 to 2012-13. The AO, inter alia, had fully disallowed printing expenses incurred by the assessee in the years relevant to assessment year 2008-09 to 2012-13. The assessee challenged the additions by filing appeals before Ld. CIT(A) and then to ITAT. The Tribunal, vide its combined order dated 12.12.2014 passed for assessment years 2008-09 to 2012-13 set aside the assessment order with a direction to examine following four aspects:-

- i. Whether the expenditures disallowed pertain to the relevant Assessment year.
- ii. Whether the payments (expenses) disallowed by the assessing officer, were such that they violate the IRDA regulations and are therefore hit by the Explanation to Section 37(1).
- iii. Whether the expenses disallowed were indeed business expenditure with reference to the details of expenses and the benefits derived from them.
- iv. Whether the expenses disallowed, were also claimed by the sister concerns. And if the payments were in the nature of reimbursements, then whether the reimbursement and the related expenses were duly accounted in the books of the sister concerns.

Accordingly, the present assessment orders came to be passed by the A.O. The assessee submitted before the A.O. that the printing and stationery expenses were incurred for printing pamphlets explaining various insurance products which are to be distributed to prospective buyers. Accordingly, it was contended that these expenses are incidental to carrying on the business of the assessee. However, the A.O. took the view the assessee has not satisfactorily explained the manner in which the material published have been utilised for the purpose of the business. Accordingly, he disallowed 50% of the printing & stationery expenses claimed by the assessee.

5. Following the above said orders, the AO made identical disallowance of 50% of Printing & Stationery expenses in AY 2013-14 in the order passed u/s 143(3) of the Act.

6. The Ld. CIT(A) deleted the said disallowance in all the years under consideration with the following observations:

*“It is observed that the Assessing Officer disallowed 50% of the expenditures incurred under this head without bringing sufficient evidence on record. The disallowance was mainly adhoc and without any objective basis. The Appellant Company on the other hand established that the expenditure was truly incurred for the purpose of business, which is also admitted by the A.O. Moreover, these expenses are duly vouched and payments were made mostly by account payee cheques. Another contention of the Assessing Officer was that the printed brochures were distributed by the coordinators who were not employees of the Appellant Company. The Authorized representative argued that the contents of the printed materials were all of the products of insurance which were the business of the Appellant. The mere fact that it was distributed by the coordinators will neither reduce the expenditure nor disentitle the Appellant to claim such expenditure under Section 37 of the Income Tax Act, 1961 as these were incurred wholly and solely for the purpose of Appellant’s business. I find strength in the arguments canvassed by the Authorised representatives. Since, the disallowances were on adhoc basis, it cannot stand in view of the decisions of the Honourable Delhi High Court in the case of COMMISSIONER OF INCOME TAX V. KOHINOOR FOODS LTD (2015) 373 ITR 682 (Del) and various other judgements of*

*Honourable Income Tax Appellate Tribunal. I therefore, allow these grounds and appellant gets relief as under:*

| <i>Assessment year</i> | <i>Relief Allowed</i> |
|------------------------|-----------------------|
| 2008-09                | 3,25,16,627           |
| 2009-10                | 90,52,982             |
| 2010-11                | 5,54,02,901           |
| 2011-12                | 63,65,307             |
| 2012-13                | 2,97,20,292           |
| 2013-14                | 35,75,476             |

*In the result the appeal is partly allowed”*

7. The revenue is aggrieved by the decision rendered by Ld CIT(A) on the above said issue in all the years under consideration and hence it has filed present appeals before us.

8. We notice that the relief allowed by Ld CIT(A) in AY 2009-10, 2011-12 and 2013-14 are Rs.90.52 lakhs, Rs.63.65 lakhs and Rs.35.75 lakhs respectively. The tax effect of the above said relief in each of the years is less than Rs.50.00 lakhs. At this juncture, we prefer to extract the Circular No.17/2019 dated 08<sup>th</sup> August, 2019 issued by the CBDT below:-

**Circular No. 17/2019-Income Tax**

F. No. 279/Misc. 142/2007-ITJ(Pt.)  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board Direct Taxes  
Judicial Section

New Delhi, 8th August 2019

**Subject: – Further Enhancement of Monetary limits for filing of appeals by the Department before Income Tax Appellate Tribunal, High Courts and SLPs/appeals before Supreme Court – Amendment to Circular 3 of 2018 – Measures for reducing litigation.**

Reference is invited to the Circular No. 3 of 2018 dated 11.07.2018 (the Circular) of Central Board of Direct Taxes (the Board) and its amendment dated 20th August, 2018 vide which monetary limits for filing of income tax appeals by the Department before Income Tax Appellate Tribunal, High Courts and SLPs/appeals before Supreme Court have been specified. Representation has also been

received that an anomaly in the said circular at para 5 may be removed.

2. As a step towards further management of litigation, it has been decided by the Board that monetary limits for filing of appeals in income-tax cases be enhanced further through amendment in Para 3 of the Circular mentioned above and accordingly, the table for monetary limits specified in Para 3 of the Circular shall read as follows:

| S.No. | Appeals/SLPs in Income-tax matters | Monetary Limit (Rs.) |
|-------|------------------------------------|----------------------|
| 1.    | Before Appellate Tribunal          | 50,00,000            |
| 2.    | Before High Court                  | 1,00.00,000          |
| 3.    | Before Supreme Court               | 2,00,00,000          |

3. Further, with a view to provide parity in filing of appeals in scenarios where separate order is passed by higher appellate authorities for each assessment year vis-à-vis where composite order for more than one assessment years is passed, para 5 of the circular is substituted by the following para:

-5. The Assessing Officer shall calculate the tax effect separately for every assessment year in respect of the disputed issues in the case of every assessee. If, in the case of an assessee, the disputed issues arise in more than one assessment year, appeal can be filed in respect of such assessment year or years in which the tax effect in respect of the disputed issues exceeds the monetary limit specified in para 3. No appeal shall be filed in respect of an assessment year or years in which the tax effect is less than the monetary limit specified in para 3. **Further, even in the case of composite order of any High Court or appellate authority which involves more than one assessment year and common issues in more than one assessment year, no appeal shall be filed in respect of an assessment year or years in which the tax effect is less than the monetary limit specified in para 3.** In case where a composite order/judgement involves more than one assessee,, each assessee shall be dealt with separately.”

4. The said modifications shall come into effect from the date of issue of this Circular.

5. The same may be brought to the notice of all concerned.

6. This issues under section 268A of the Income-tax Act,1961.

7. Hindi version will follow.

**(Neetika Bansal)**  
Director, (ITJ)  
CBDT, New Delhi

9. The above cited Circular of CBDT makes it clear that the tax effect has to be computed separately in each of the year, even if the Ld CIT(A) has passed a combined order on the common issue. We have noticed that the tax effect involved in the appeals filed by the revenue for AY 2009-10, 2011-12 and 2013-14 are less than Rs.50.00 lakhs, being the monetary limit prescribed by the CBDT for preferring appeals before the Tribunal against the order passed by Ld CIT(A). Accordingly, we dismiss the appeals of the revenue filed for AY 2009-10, 2011-12 and 2013-14 in limine, on the ground of low tax effect.

10. Now we shall take up the appeals filed by the revenue for AY 2008-09, 2010-11 and 2012-13. We notice that the Ld CIT(A) has deleted the disallowance by observing that the AO has made disallowance on adhoc basis. We notice from the assessment order that the AO on the reasoning that the assessee has failed to explain satisfactorily the manner in which the materials published were used for the purpose of business of the assessee, i.e., it appears that the entire printed materials were not used for the purposes of business carried on by the assessee and hence he has restricted the claim to 50%. It is well settled proposition of law that the onus to prove the expenditure and its connection with the business carried on by the assessee would lie upon the assessee.

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11. The Ld A.R submitted that the entire printed materials were used for the purposes of business carried on by the assessee only. However, since the assessee has not furnished satisfactory explanations before the AO with regard to the manner of utilisation of printed materials, in the interests of natural justice, we are of the view that this issue may be restored to the file of AO so that the assessee may furnish explanations to the satisfaction of the AO. Accordingly we set aside the order passed by Ld CIT(A) on this issue in AY 2008-09, 2010-11 and 2012-13 and restore the same to the file of AO. We direct the assessee to furnish the details of manner of utilisation of printing and stationery expenses for the purposes of business of the assessee. After hearing the assessee, the AO may take appropriate decision in accordance with law.

12. In the result, the appeals filed by the revenue for AY 2008-09, 2010-11 and 2012-13 are treated as allowed for statistical purposes. The appeals filed by the revenue for the remaining three years are dismissed.

Order pronounced in the open court on 18<sup>th</sup> Jan, 2021.

**Sd/-**  
**(N.V. Vasudevan)**  
**Vice President**

**Sd/-**  
**(B.R. Baskaran)**  
**Accountant Member**

Bangalore,  
Dated 18<sup>th</sup> Jan, 2021.  
VG/SPS

**Copy to:**

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore.