

**आयकर अपीलीय अधिकरण, "सी" न्यायपीठ, चेन्नई**  
IN THE INCOME-TAX APPELLATE TRIBUNAL 'C' BENCH, CHENNAI  
श्री धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य एवं श्री एस जयरामन, लेखा सदस्य के समक्ष  
Before Shri Duvvuru RL Reddy, Judicial Member &  
Shri S. Jayaraman, Accountant Member

आयकर अपील सं./I.T.A. No. 3370/Chny/2019  
निर्धारण वर्ष/**Assessment Year:2016-17**

The Deputy Commissioner of  
Income Tax, Corporate Circle 2(1),  
Room No. 511, 5<sup>th</sup> Floor, Wanaparthy  
Block, No. 121, M.G. Road,  
Chennai 600 034.

M/s. Ganges International Pvt. Ltd.,  
Vs. B-36, Lawrence Road,  
Industrial Area,  
New Delhi 110 035.  
**[PAN:AAACG4177F]**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri G. Johnson, Addl. CIT  
प्रत्यर्थी की ओर से/Respondent by : Shri Ved Jain, C.A.  
सुनवाई की तारीख/ Date of hearing : 16.03.2021  
घोषणा की तारीख /Date of Pronouncement : 09.04.2021

**आदेश /O R D E R**

**PER DUVVURU RL REDDY, JUDICIAL MEMBER:**

This appeal filed by the Revenue is directed against the order of the Id. Commissioner of Income Tax (Appeals) 6, Chennai dated 25.09.2019 relevant to the assessment year 2016-17. The effective ground raised by the Revenue is that the Id. CIT(A) has erred in deleting the addition on account of disallowance of commission paid to M/s. Amikong Pte Ltd. for ₹.2,66,91,976/- and M/s. Poushali Sales Pvt. Ltd. for ₹.69,74,865/-.

2. Brief facts of the case are that the assessee has filed its return of income for the assessment year 2016-17 on 15.10.2016 admitting total

income of ₹. 5,30,91,20/-. The assessment under section 143(3) of the Income Tax Act, 1961 ["Act" in short] was completed determining the total income at ₹.6,00,66,785/-. Vide rectification order under section 154 r.w.s. 143(3) of the Act, the total income of the assessee has been revised to ₹.8,67,58,761/- after including the addition made under section 37 of the Act of ₹.2,66,91,976/-, which was inadvertently missed out to add back to the total income. In the assessment order, the Assessing Officer disallowed the commission amount paid to M/s. Amikong Pte Ltd. for ₹.2,66,91,976/- and M/s. Poushali Sales Pvt. Ltd. for ₹.69,74,865/- on the ground that the assessee has failed to submit any documentary evidences to prove the genuineness of claim and actual services rendered by foreign agent. On appeal, after considering the submissions of the assessee, the Id. CIT(A) deleted the addition.

3. Aggrieved, the Revenue is in appeal before Tribunal. By relying on the grounds of appeal, the Id. DR has submitted that the Id. CIT(A) has erroneously deleted the addition on account of disallowance of commission payments by holding that the Assessing Officer ought not to have taken an adverse inference on it. It was further submission that the assessee has failed to submit any documentary evidences to prove the genuineness of claim and actual services rendered by foreign agent. On the other hand, besides supporting the orders of the Id. CIT(A), the Id. Counsel for the

assessee has submitted that the assessee has furnished all relevant documentary evidences such as agreement, export shipping bills, etc. to prove the genuineness of the claim and actual services rendered by foreign agent and prayed for sustaining the appellate order.

4. We have heard both the sides, perused the materials available on record and gone through the orders of authorities below including paper book filed by the assessee. The assessee is engaged in the business of manufacturing and supplying fabricated steel parts for telecom towers, solar power companies and transmission line and has been exporting tower parts predominantly to African countries besides Sri Lank, Nepal and Myanmar. During the course of assessment proceedings, the Assessing Officer asked the assessee to furnish documentary evidences for the claim of foreign commission payment of ₹.2,66,91,976/-. Accordingly, the assessee has submitted the agreement, invoice, payments made through bank. However, the Assessing Officer has asked the assessee various other details to substantiate the claim. After considering the submissions of the assessee, and just because the credentials of M/s. Amikong Pte Ltd., the commission agent and its representative Mr. Durgesh was not available in the Google search, and by doubting the transaction as unreasonable, the total amount of commission payment of ₹.2,66,91,976/- was disallowed and added back to the total income of the assessee

4.1 Similarly, with regard to the commission payment of ₹.69,74,865/- to the domestic company, it is fact the assessee procured orders for Reliance Jio Infocomm Ltd. and sold around 9300 MT and paid commission of ₹.69,74,865/- to M/s. Paushali Sales Pvt. Ltd. as well as submitted agreement, invoice and bank details for the payment made. After considering the submissions of the assessee against the details called for, and by doubting the transaction as unreasonable and not established as business expenditure, the commission payment made to M/s. Pauhali Sales Pvt. Ltd. of ₹.69,74,865/- was disallowed and added back to the total income of the assessee. On appeal, after considering the submissions of the assessee and facts of the case, the Id. CIT(A) has observed as under:

*“(1) The Appellant is a corporate having turnover of Rs.290 Crs, out of which the above party has given export order of Rs.20 Crs, All that the businessman is interested is that sufficient business is obtained by the concerned party and commission is paid for the same. At the end, the Appellant has earned sufficient income from the 'transaction and there is no net loss from the transaction. The credentials are to be verified if any loans or advances are made and not required to verify the credential of the agent whom the commission is paid as per agreed terms. Further the appellant is requited to see whether there is increase in revenue after meeting the expenses, which every prudent businessman will do.*

*(2) The Assessing Officer has got wide powers to verify the transactions, but no effort has been made to make any enquiries. There is no documentary evidence in support of the contention of the Assessing Officer. The Assessing Officer has made guess that the credentials are not established. The other Indian Agent, whose financials were submitted were also not verified nor any attempt to enquire about it were made.*

*(3) The Appellant submits that if he would not have paid commission, he would not have secured order and to that extent the income would have been lesser. As per- the matching concept of Income & Expenditure, the*

*Assessing Officer cannot just disallow the expenditure and tax the income, In case the Assessing Officer disallows the commission, the income earned subsequent to disallowance of commission is to be reduced from the total income. The net effect is also not beneficial to revenue, as the tax effect will be reduced.*

*(4) The Appellant had furnished the documentary evidences as mentioned above to establish the nexus between income and expenditure. However the Assessing Officer has neither made any third party enquiry nor brought any documentary evidences or contrary material to establish the contention of the Assessing Officer.*

*(5) The Appellant submits that the accounts of the company are subject to statutory audit as per the provisions of the Companies Act and u/s 44AB of the Income Tax Act. The audited accounts have been accepted in total by the Assessing Officer, as he has not conducted any enquiry with the auditors, in case if the Assessing Officer had any doubt with the audited accounts and not levied any penalty thereon.*

*A copy of the financials of Paushali Sales Pvt Ltd., along with Income Tax Return acknowledgement for the assessment year 2016-17, which was also furnished to the Assessing Officer is attached herewith to prove that the party has disclosed the said commission in their return of income and claimed TDS thereon. Hence the commission is to be allowed in such cases as held in CIT Vs Premier Poly Sacks Pvt Ltd., (2010) 321 ITR 450 [Madras]*

*vi. The AO has examined the copy of the agreement Mis. Amikong Pte Ltd dated 02.04.2015 and the invoice copy issued by the said company dated 14.12.2015 and stated that there is some variation in the signature of the authorised person. In this regard the AR argued that the authorised person, Mr. Durgesh of M/s. Amikong Pte Ltd has duly signed the agreement after taking into account the importance of an agreement and perhaps has hurriedly signed the voucher, which could be the reason for the small variation in the signature. In any case, it was argued that the AO had not sent the original documents to an expert to verify as to whether the signature is matching as per law. The AR further argued that the appellant is a business man and no that competent to examine the intricacies of a signature like an expert and all the appellant was interested was that M/s. Amikong Pte Ltd has generated substantial business and therefore 12.5% was paid as commission by the appellant company as per the agreement with M/s. Amikong Pte Ltd.*

*The AO has also commented on the basis of Google Search that it is unbelievable that M/s. Amikong Pte Ltd could have procured orders worth Rs. 22 Crores. Further the AO also held that commission @ 12.5% is unreasonable. In this regard, the AR argued that the assessment cannot be made based on Google Search, rather ought to be made based on the evidence on record or enquiries I investigation made by the AO to disprove the document on record. It was submitted that the AO could not have such opinion based on Google Search that it is unbelievable that the M/s. Amikong Pte Ltd could not have procured such business. It is a fact on record, Mr. Nitin Goel, Director of the appellant company had earlier visited Singapore personally and discussed the deal with M/s. Amikong Pte Ltd to acquire the additional business from Myanmar. It was argued that the appellant succeeded in generating sufficient revenue, for which the commission has paid. It was argued that the AO could not dictate terms that the appellant is required to do business based on Google Search and it is for the appellant to evolve the mechanism to generate more revenue and if there were any deficiencies in the Google Search engine, the appellant ought not to have been penalised for the same. Further the AR also argued that the AO could not have stated the percentage is on the higher side as it is for the business man to decide what percentage of commission is to be paid. The AR further argued that the AO on the one hand has disallowed the commission paid to M/s. Amikong Pte Ltd as exorbitant being 12.5% and on the other hand has also disallowed the commission paid to M/s. Pushali Sales Pvt Ltd which was just over 1%. Therefore, it was submitted that the AO was also inconsistent with his own findings as, if 12.5% was exorbitant and in such circumstances, the AO ought to have allowed 1% commission paid to M/s. Pushali Sales Pvt Ltd, which was also denied by the AO.*

vii. *The AR pointed out that the AO has repeatedly stated that the appellant had been given plenty of time for furnishing the reply whereas the only 2 weeks time was given in spite of the fact that the AO did not issue notice for 18 long months. The sequence of events is discussed in detail in Para 4.1 (ii) above. It was argued that due to the mistake of the AO for not initiating the assessment proceedings at the appropriate time, the appellant should not be penalised for not giving all the elaborate details required by the AO within the short period of 14 days. In any case, the appellant had also stated in its letter dated 11.12.2018, it is willing to provide any other information/ document as required by the AO and the AO went ahead to complete the assessment without granting further opportunity to the appellant. Therefore, it was argued that the principles of natural justice had not been followed and the appellant was not granted adequate opportunities during the assessment proceedings.*

viii. *The Appellant has furnished all the details called for within a short span of 14 days. The following evidences were furnished in support of the payments made:*

- a. Agreement copy duly signed and accepted by the party*
- b. Copies of commercial Invoice*
- c. Confirmation of Accounts .*
- d. Copy of Form 15CB in the case of foreign party, for non-deduction as they do not have an office in India.*
- e. In the case of Indian Company, TDS was deducted.*
- f. Copies of Bank Statement to establish that the payment were made through Banking Channels.*
- g. Purchase order copy.*
- h. Copies of sale invoices for commission paid to M/s. Poushali Sales (P) Ltd.*
- i. Copies of Shipping Bills in case of Exports Orders.*
- J. Service Tax Registration & Service tax payment.*
- k. Audited financials of M/s Poushali Sales (P) Ltd., with income tax computation and acknowledgement of tax return for three assessment years, i.e.201,6-17, 2017-18 & 2018-19.*

*The Appellant had provided all the relevant documents and evidences which were required to ordinarily maintain in the course of business to substantiate the genuineness of the payments. The terms and conditions of these arrangement as well as the obligations were agreed in writing vide a duly executed agreement, copy of which was even part of the assessment (Page 5, 6 & 7 of the assessment order).*

*Under these circumstances, the onus shifts to the Assessing Officer to establish the genuineness, in case the Assessing Officer doubts the The Assessing Officer made huge addition without even making any third party enquiries. The Assessing Officer has disallowed the commission payment on flimsy ground that certain documents which are required as per the Assessing Officer were not furnished. There is no other finding recorded by the Assessing Officer in his order. Further, the parties to whom the payments were made are not associates or related enterprises of the Appellant. It is a purely a case of two unrelated entities that conducted a service transaction and the considerations were exchanged at the same time.*

ix. *It was submitted that the Assessing Officer is not competent to step into the shoes of the businessman. It is not for the Department to sit in judgment whether the assessee should employ commission agent. The Appellant is at liberty to do business on his terms and not on the terms of*

*the Assessing Officer. The fact that the services were indeed provided is evident from the fact that the appellant was able to generate corresponding revenues. There is linkage between the revenues earned and the payments made to the service providers.*

ASST. YEAR	TURNOVER (Rs. Cr.)	NET PROFIT (Rs. Cr.)	COMMISSION (Rs.)
2015-16	235	2.72	1,80,640
2016-17	290	6.36	33,666,841

*In the case under consideration, as per the matching concept of taxation, both the commission Agents have given sufficient business. Foreign Agent has given export orders of Rs.20.Crs and local agent has procured orders for Reliance Jio Info Comm Ltd. For the extent of Rs. 60 crores, by which revenue has increased from Rs.2.72 Crs to Rs.6.36 Crs. There is a direct nexus between the income generated and the commission payment. The commission paid is on account of commercial expediency. If there was evidence that sales increased due to effort of the commission agent and that the commission paid was reasonable and the commission was held to be deductible as held in Voltamp Transformers Pvt Ltd. Vs. CIT (1981) .129 ITR 105 (Gujarat).*

*The Appellant has fully discharged the onus under the law by establishing commission expenses exclusively for the purpose of the business. The turnover /income has not been disputed then it was unjustified on the part of the Assessing Officer to disbelieve the corresponding expenses incurred to derive such income or doubt the genuineness of the commission. As per the provisions of the IT Act, the test to be satisfied is whether expenditure incurred wholly and exclusively for the purpose of business, which has been discharged by the appellant, expenditure is to be allowed.*

*x. The AR argued that but for the commission payment to these parties, the appellant could not have got the business of Rs. 22 crores from Myanmar and Rs. 60 crores from M/s. Reliance Jio Info comm Ltd and therefore, the income of the appellant could have been lower to that extent. Further, it has argued that as the earning of such income and expenses are interlinked and as the commission was wholly and exclusively for earning income, the same is allowable.*

*xi. The appellant submitted that the Assessing Officer has stated that the credentials of M/s Amikong Pte Ltd., are not proved by the appellant and it is unbelievable that the agent has procured orders and was not realistic in the absence of evidence substantiating the involvement of M/s Amikong Pte. Ltd. This contention of the Assessing Officer and inference*

of the Assessing Officer is not legally tenable in view of the following grounds:

- a. *The Appellant is a corporate having turnover of Rs.290 Crs, out of which the above party has given export order of Rs.20 Crs. All that the businessman is interested is that sufficient business is and commission is paid for the same. At the end, the Appellant has earned sufficient income from the transaction and there is no net loss from the transaction. The credentials are to be verified if any loans or advances are made and not required to verify the credential of the agent whom the commission is paid as per agreed terms. Further the appellant is required to see whether there is increase in revenue after meeting the expenses, which every prudent businessman will do.*
- b. *The Assessing Officer has got wide powers to verify the transactions, but no effort has been made to make any enquiries. There is no documentary evidence in support of the contention of the Assessing Officer. The Assessing Officer has made guess that the credentials are not established. The other Indian Agent, whose financials were submitted were also not verified nor any attempt to enquire about it were made.*
- c. *The Appellant submits that if he would not have paid commission, he would not have secured order and to that extent the income would have been lesser. As per the matching concept of Income & Expenditure, the Assessing Officer cannot just disallow the expenditure and tax the income. In case the Assessing Officer disallows the commission, the income earned subsequent to disallowance of commission is to be reduced from the total income. The net effect is also not beneficial to revenue, as the tax effect will be reduced.*
- d. *The Appellant had furnished the documentary evidences as mentioned above to establish the nexus between income and expenditure. However the Assessing Officer has neither made any third party enquiry nor brought any documentary evidences or contrary material to establish the contention of the Assessing Officer.*

e. *The Appellant submits that the accounts of the company are subject to statutory audit as per the provisions of the Companies Act and u/s. 44AB of the Income Tax Act. The audited accounts have been accepted in total by the Assessing Officer, as he has not conducted any enquiry with the auditors, in case if the Assessing Officer had any doubt with the audited accounts and not levied any penalty thereon.*

xii. *It is submitted that the commission expenses are incurred purely for the purpose of business and don't know what substantial evidence the AO needed. "Substantial Evidence" means evidence that a reasonable mind could accept as adequate to support a conclusion. Evidence offered to help establish a fact in issue. As opposed to evidence directed to impeach or to support a witness's credibility is also called as Substantial Evidence. From the above it can be seen that substantial evidence has more persuasive value than the other two. However, all the three, Corroboration, Circumstantial and Substantial evidence have its own value based on the particular situation in which that evidence is used and also based on the law in which the court is deciding. There is no any hard and fast rule that the particular evidence is more valuable in the matters of Taxation Laws. All these evidences have its own persuasive value in the proceedings, which is before an assessing authority.*

*The appellant further submitted that it could not understand as to what is substantial evidence of commission agent as required by the AO. In commission agency business, contract can be entered into or it can be verbal contract but bill must be required from the agent for the supply made to the parties referred by them in order to pay commission. The agent is responsible for collection, etc. It is not mandatory to mention any name of agent in purchase order received from customers.*

*The AR argued that as per law, contract can be even an oral contract and in the case under consideration there is a written contract and therefore the case of the appellant is on a much better footing. Even assuming that, if certain clauses were not included in the agreement as required by the AO, the contract cannot to be said to be void ab initio as per the provisions of the Indian Contract Act, 1872. It was further argued that the contractual terms have been met between two business entities and the appellant not only got more revenue, but also*

*recovered the entire dues from the concerned parties due to the effort of the commission agent. Under these circumstances, the AR argued that the AO ought not to have commented adversely just on the basis of Google Search without making any third party enquiries or investigation either through FITR or otherwise.*

*xiii. The appellant has also relied on the following judicial decisions:*

*“ACIT v. Shree Sajjan Mills Ltd. 302 ITR (Indore)(2008)115 TTJ 145*

*Business Expenditure-Commission-Agreements and details of Sales Furnished-No Findings that service were not rendered-Commission deductible-Income Tax Act 1961 s.37*

*CIT V. Pure Pharma Pvt Ltd. (2004)270 ITR 382(MP)*

*Business Expenditure -Appeal to High Court-Substantial question of law-Commission-Findings that amounts had been paid for business purposes-Tribunal justified in allowing deduction -No. substantial question of law-Income Tax Act, 1961, s.37) 260A.*

*CIT V. Electric Construction Equipment Co. Ltd. ( 1990) 82 ITR 510*

*Reference -Business Expenditure-Payment of Commission-Finding of Tribunal on evidence that payments were genuine-No question of law arises-Income tax Act 1961) ss37) 256(2)”*

*Reliance is also to be placed upon following judgements:-*

- (i) Income tax Officer Vs. Shyam Sunder Jajodia (2008)26 SOT541;*
- (ii) CIT vs. Konkan Marine Aencies 313 ITR 308.*
- (iii) CIT vs. Printers House (P) Ltd. (2010) 188 Taxman 70(Delhi)*
- (iv) DCIT vs. Chandabh Impex Pvt. Ltd. (2013).*
- (v) Aluminium Corporation of India Ltd. vs. CIT (1972)86ITR 11;*
- (vi) CIT Vs. Ishwar Prakash and Bros (1986) 159 ITR 843*

*xiv. The appellant submitted copy of the financials of Poushali Sales Pvt Ltd., along with Income Tax Return acknowledgement for the assessment year 2016-17, which was also furnished to the Assessing Officer is attached herewith to*

*prove that the party has disclosed the said commission in their return of income and claimed TDS thereon. Hence the commission is to be allowed in such cases as held in CIT V s Premier Poly Sacks Pvt Ltd., (2010) 321 ITR 450 (Madras).*

*xv. The AR argued that the AO had taken adverse inference for payments made to M/s. Poushali Sales Pvt Ltd in spite of the fact that the payments have been made through banking channels after duly deducting TDS and the said company has declared the commission revenue both to the service tax department and the Income Tax Department as per the respective returns filed. It was further argued that when the Service Tax Department and Income Tax Department has accepted the transactions in the hands of M/s. Poushali Sales Pvt Ltd, there is no justification for the AO to have taken an adverse inference especially when the payment of commission was just around 1%.*

*xvi. The Appellant submits that the commission paid is not very high as compared to profits earned. It was a legitimate business expenditure which has not been doubted and it has resulted in high profit because of services rendered by the persons. There was evidence on record to establish the trade practice of giving commission for procuring new business could not be considered to be unreasonable are excessive. It was submitted that the payment of commission was made to the commission agent through proper banking channel and it was for the business purpose only and therefore it was allowable as per the provisions of the Act.*

*4.2 In view of the above details factual and legal position brought on record by the appellant and the fact that the AO has not made any enquiries to establish the contention of the AO, I am in agreement with the AR that the AO ought not to have taken an adverse inference w.r.t the commission paid to M/s. Amikong Pte Ltd. as well as M/s. Paushali Sales Pvt. Ltd. Accordingly these grounds of appeal are followed.”*

4.2 From the above appellate order, the Id. CIT(A) has elaborately discussed the facts and circumstances under which the assessee has incurred the commission expenditure as well as the net profit earned out of

the above payment of commission, which was not questioned by the Assessing Officer. However, the only dispute of the Assessing Officer is what specific services the commission agent rendered to the assessee for which the assessee has paid the commission.

4.3 The assessee company is in the business of manufacturing and supplying fabricated steel parts for telecom towers, solar power companies and transmission line and has been exporting tower parts predominantly to African countries besides Sri Lanka, Nepal and Myanmar. The assessee company has entered into an agreement with M/s. Amikong Pte Ltd., Singapore, wherein, ten clauses have been executed in the agreement and administered out of which two salient clauses are reproduced as under:

1. *That the First Party has agreed to appoint the Second Party as one of its Agent for procuring the business related to Telecom Infrastructure for the First Party.*
2. *The Second Party has agreed to assist/arrange for procurement of business in Telecom Infrastructure to be executed by the First Party through its connections and the First Party agreed to make the payment of commission based on the business procured by the Second Party at the rate of maximum 12.5% of CNF value to be revised as agreed upon mutually from time to time based on the business procured by the First Party through Second Party.*

Upon execution of the above agreement, the assessee company procured export orders of ₹.22 crores from four customers namely Camus at Myanmar, East Boy Trading Co Ltd., Irrawaddy Green Towers Ltd., and Ock Yangon Pvt. Ltd., Myanmar through the commission agent M/s. Amikong Pte

Ltd. The business of the assessee with the above companies in Myanmar was neither fake nor disputed by the Assessing Officer since the assessee has produced the export shipping bills of the Myanmar customers where the goods have been dispatched and on the supply commission was paid through banking channel after obtaining 15CB from the auditor. It is clear from the above that M/s. Amikong Pte Ltd., the commission agent has introduced new customers to the assessee, procured export order and accordingly the assessee carried out the business.

4.4 Generally no direct evidence for the “service rendered” can be produced and the relationship of the “service rendered” and “business purposes” has to be established by circumstantial evidence and growth in the business of the assessee in such cases. In this case, as per the matching concept of taxation, both the commission Agents have given sufficient business. Foreign Agent has given export orders of ₹.22.Crs and local agent has procured orders for Reliance Jio Info Comm Ltd. for the extent of ₹. 60 crores, by which revenue has increased from ₹.2.72 Crs to ₹.6.36 Crs. Thus, there is a direct nexus between the income generated and the commission payment. It is beyond doubt that the commission paid by the assessee was on account of commercial expediency. If there was evidence that sales increased due to effort of the commission agent and that the commission paid was reasonable and the commission was held to be

deductible as has been held in in the case of Voltamp Transformers Pvt. Ltd. Vs. CIT (1981) 129 ITR 105 (Gujarat).

4.5 As has been held by the Ahmedabad Benches of the Tribunal and upheld by the Hon'ble Gujarat High Court in the case of PCIT v. Vishal Engineerings and Galvinizers vide order in Tax Appeal Case No. 822 of 2019 dated 13.01.2020, even in the absence of any agreement with the commission agent, simply introducing/ referring the potential customers to the assessee falls within the ambit of "services" rendered by the commission agent so as to make the claim of commission payment eligible for deduction under section 37 of the Act. In the present case, the assessee has very well entered into an agreement for payment of commission both with foreign agent as well as domestic company for the purpose of assessee's business, which were duly signed and accepted by the respective parties. Not only agreement, the assessee has also furnished copies of commercial Invoice, confirmation of Accounts, copy of Form 15CB in the case of foreign party, for non-deduction as they do not have an office in India, in the case of Indian Company, TDS was deducted, copies of Bank Statement to establish that the payment were made through Banking channel, purchase order copy, copies of sale invoices for commission paid to M/s. Poushali Sales (P) Ltd., copies of Shipping Bills in case of Exports Orders, Service Tax Registration & Service tax payment, audited financials of M/s Poushali Sales (P) Ltd.,

with income tax computation and acknowledgement of tax return for three assessment years, i.e., 2016-17, 2017-18 & 2018-19. Moreover, the commission payments have been made to M/s. Paushali Sales Pvt. Ltd., the domestic agent through banking channels after duly deducting TDS and the said company has declared the commission revenue both to the Service Tax Department and the Income Tax Department as per the respective returns filed and produced before the Assessing Officer, and such transaction was duly accepted by the respective Departments.

4.6 In view of the above detailed facts and circumstances as well as legal position, we find no infirmity in the order passed by the Id. CIT(A) on this issue and accordingly, the grounds raised by the Revenue are dismissed.

5. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced on the 9<sup>th</sup> April, 2021 in Chennai.

Sd/-  
(S. JAYARAMAN)  
ACCOUNTANT MEMBER

Sd/-  
(DUVVURU RL REDDY)  
JUDICIAL MEMBER

Chennai, Dated, 09.04.2021

Vm/-

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.