

**IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCHES "G", MUMBAI**

**BEFORE SHRI SAKTIJIT DEY, JUDICIAL MEMBER  
AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 338/MUM/2019  
Assessment Year: 2015-16**

M/s Shah Technical Consultants Pvt. Ltd., 407, Raheja Centre, Plot No. 214, Nariman Point, Mumbai - 400021 PAN: AADCS4968D	<b>Vs.</b>	Addl. CIT-2(3)(2), Room No. 552, Aayakar Bhavan, Maharshi Karve Marg, Mumbai - 400020
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by : Dr. K. Shivaram (Sr. Advocate)

Revenue by : Shri T. Khalsa (DR)

Date of Hearing : 27/09/2021

Date of Pronouncement: 30/09/2021

**ORDER**

**PER SAKTIJIT DEY, JM**

This is an appeal by the revenue against order dated 26.11.2018 of learned Commissioner of Income Tax (Appeals)-6, Mumbai for the assessment year 2015-16.

2. The dispute in the present appeal is confined to disallowance of Printing and Stationery Expenses of Rs. 2,70,72,569/-

3. Briefly stated, the assessee is a resident company engaged in the business of consultancy services in design, civil construction and environmental engineering project. For the assessment year under dispute, assessee filed its return of income on 28.09.2015 declaring total income of Rs.

10,32,08,988/- under the normal provisions of the Income Tax Act, 1961. Whereas, the assessee also declared book profit of Rs. 9,98,87,661/- under section 115JB of the Act. Subsequently, assessee also filed a revised return of income on 30.11.2016. Be that as it may, in course of assessment proceedings, the assessing officer (AO) while verifying the profit and loss account of the assessee noticed that the assessee has debited Rs. 2,99,75,249/- towards printing and stationery expenses. Further, he noticed that in assessment year 2013-14, the assessee has incurred printing and stationery expenses of Rs. 46,69,896/-. Whereas, in assessment year 2014-15 expenditure was to the tune of Rs. 2,24,22,076/-. He also found that in assessment 2014-15, the AO has made certain adverse comments on the alleged purchases made from three parties viz. Riddhi Enterprises, Nityanand Enterprises and Sanket Enterprises. Based on the above material, the AO called upon the assessee to furnish the details of printing and stationery expenses and justify its allowability. In response to the query raised by the AO, the assessee furnished the details and also explained the correctness of expenses claimed. The AO, however, was not convinced with the submissions of the assessee. Ultimately, the AO disallowed the printing and stationery expenses. Though, assessee contested the aforesaid disallowance before learned Commissioner (Appeals), however, it was unsuccessful.

4. Learned counsel for the assessee submitted, in assessment year 2014-15 also the assessee had purchased items from these entities. He submitted, though, the AO and learned Commissioner (Appeals) disallowed the expenditure, however, the Tribunal while deciding assessee's appeal has

restricted the disallowance to 15% of the total expenditure. Thus, he submitted, facts being identical, decision of the Tribunal in assessment year 2014-15 is squarely applicable.

5. The learned Departmental Representative strongly relied upon the observations of the AO and learned Commissioner (Appeals) and submitted that at no stage, the assessee has furnished evidence to prove the purchases from the concerned entities. Therefore, the facts are not identical to assessment year 2014-15. Hence, the decision of the Tribunal in assessment year 2014-15 would not be applicable.

6. We have considered rival submissions and perused the materials on record. It is evident from the assessment order itself, out of five parties supplying goods to the assessee, Riddhi Enterprises, Nityanand Enterprises and Sanket Enterprises had supplied goods to the assessee in assessment year 2014-15 as well. While deciding assessee's appeal contesting the disallowance made by the AO and sustained by learned Commissioner (Appeals) in assessment year 2014-15, the Tribunal in ITA No. 249/Mum/2018 dated 21.05.2019 has held as under:-

*"7. After hearing both the parties and perusing the material on record including the impugned order, we observe that undisputedly the assessee has made substantial purchases of printing and stationery from three parties namely M/s. Riddhi Enterprises Rs.93,51,632/-, M/s. Sanket Enterprises Rs.32,81,534/- and M/s. Nityanand Enterprises Rs.21,22,436/- aggregating to Rs. Rs.1,47,55,602/-. All these parties were paid through RTGS. This is also true that assessee has entered into a new venture in architectural field and have obtained 4 projects in the state of Punjab, Himachal Pradesh, Uttarakhand and Tamil Nadu. The assessee has also completed four major projects namely Kerala*

*Water Supply Project, The Indore Water Supply Project, Jammu & Kashmir Water & Sewerage Project and the Hogenekkal Water Supply Project during the year. The Ld. A.R. submitted before us that it is only due to this new line of business the assessee has to incur the huge expenditure on printing and stationery which is comparatively very costly as the assessee has to prepare maps and drawing in the colour format with multiple copies whereas in the existing line of business which is engineering which entails relatively cheaper printing cost . It is also fact that in this case the books of accounts have not been rejected by the AO. Moreover, the consumption of printing material is also not in doubt as the assessee has executed various projects during the year. Under these facts, the possible presumption is that the assessee might have procured the material from different sources may be grey market. Thus to disallow the entire purchases on the ground of being non genuine and non proved is not correct. The assessee has maintained stock records and entered all the receipt and consumption of materials therein. Therefore, we are not in agreement with the conclusion drawn by the Ld. CIT(A) that 100% addition account of the alleged purchases should be made. In our opinion it would be reasonable if some percentage of these purchases is added to the income of the assessee in order to bring to tax the various savings which the assessee may have made by making purchases from the grey market. Considering the facts and circumstances of the case, we are of the view that it would be appropriate if 15% of the total purchases are disallowed and brought to tax. Accordingly, we set aside the order of Ld. CIT(A) and direct the AO to make addition at 15% of the total alleged purchases.”*

7. Though, learned Departmental Representative has tried to impress upon us that facts in assessment year 2014-15 are different, however, we are not convinced. In fact, learned Commissioner (Appeals) has sustained the addition by simply relying upon his order passed in assessee's case in assessment year 2014-15. This is very much evident from his observations in paragraph 6.3 of the impugned order. Therefore, in our opinion, the issue in dispute arising in the present appeal is squarely covered by the decision of Tribunal in assessee's

own case in assessment year 2014-15. Therefore, respectfully following the decision of the co-ordinate Bench as referred to above, we direct the AO to restrict the disallowance to 15% of the total purchases of Rs. 2,70,72,569/-. Grounds are partly allowed.

8. In the result, appeal is partly allowed.

Order pronounced in the open court on 30<sup>th</sup> September, 2021.

*Sd/-*

(M. BALAGANESH)  
ACCOUNTANT MEMBER

*Sd/-*

(SAKTIJIT DEY)  
JUDICIAL MEMBER

मुंबई Mumbai; दिनांक Dated: 30/09/2021

Alindra, PS

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

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

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

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आयकर अपीलीय अधिकरण, मुंबई / ITAT, Mumbai