

**IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'F' : NEW DELHI)**

**BEFORE SHRI R.K. PANDA, ACCOUNTANT MEMBER
and
SHRI KULDIP SINGH, JUDICIAL MEMBER**

(THROUGH VIDEO CONFERENCE)

**ITA No.898/Del./2018
(ASSESSMENT YEAR : 2013-14)**

M/s. RHC Holding Pvt. Ltd., vs. DCIT, Circle 20 (2),
Prius Platinum, Ground Floor, New Delhi,
D-3, District Centre, Saket,
New Delhi – 110 017.

(PAN : AAKCS7686P)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Tarandeep Singh, CA
REVENUE BY : Shri Atiq Ahmed, Senior DR

Date of Hearing : 28.10.2021

Date of Order : 28.10.2021

ORDER

PER KULDIP SINGH, JUDICIAL MEMBER :

Appellant, M/s. RHC Holding Pvt. Ltd. (hereinafter referred to as 'the assessee') by filing the present appeal sought to set aside the impugned order dated 21.12.2017 passed by the Commissioner of Income-tax (Appeals)-7, New Delhi qua the assessment year 2013-14 on the grounds inter alia that :-

“That on facts and in law, the Ld. CIT (Appeals)-7 [CIT(A)] erred in upholding the disallowance of expenditure of

Rs.40,51,577/- made by the AO (out of ‘Subscription & Membership Fee’) u/s 37(1) of the Act, being annual participation fee paid to the World Economic Forum – Switzerland for the Director of the Appellant during the year, by holding that the said expenditure was not incurred wholly and exclusively for the purpose of business of the appellant.”

2. Assessee company is a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India. During the scrutiny proceedings, AO noticed from the balance sheet and profit & loss account that assessee has claimed various expenses including expenses of Rs.40,51,577/- on account of ‘subscription and membership fee’ paid to the World Economic Forum. Declining the contentions raised by the assessee that Director of the assessee company has been regularly attending annual meeting of World Economic Forum in order to have updated in the business strategy and business model in the rapidly changing environment, AO treated the same as individual visit and thereby disallowed expenditure of Rs.40,51,577 and framed assessment u/s 143 (3) of the Income-tax Act, 1961 (for short ‘the Act’) at the total income of Rs.135,46,29,280/-.

3. Assessee carried the matter before the Id. CIT (A) by way of filing the appeal who has upheld the addition by dismissing the appeal. Feeling aggrieved by the order passed by the Id. CIT(A), the assessee has come up before the Tribunal by way of filing the present appeal.

4. We have heard the Id. Authorized Representatives of the parties to the appeal, gone through the documents relied upon and orders passed by the revenue authorities below in the light of the facts and circumstances of the case.

5. At the very outset, Id. AR for the assessee contended that the identical issue in case of the assessee for AY 2011-12 was remitted to the AO to decide afresh by **coordinate Bench of the Tribunal vide order dated 05.03.2020 in ITA No.4269/Del/2016**, on the basis of which AO has also given the appeal effect by holding that, *“no adverse inference is drawn on the issue of expenditure amounting to Rs.78,52,446/- being participating fees for World Economic Forum”*. This factual position has not been controverted by the Id. DR for the Revenue.

6. Bare perusal of the order passed by the **coordinate Bench of the Tribunal in assessee’s own case for AY 2011-12** (supra) shows that identical issue has been remitted back to the AO to decide afresh by taking into account Schedule 18 attached to the profit & loss account by returning following findings :-

“7. We have heard both the parties and perused the material available on record. It is pertinent to note that in the Assessment Order, the Assessing Officer has not taken into account that the assessee has shown the Subscription and Membership Fees in Schedule 18 attached to the Profit and Loss account. Besides that there is no separate finding given by the Assessing Officer as well as by the CIT(A) as to on what basis this expenditure has not been incurred for business purpose. Therefore, it will be

appropriate to remand back this issue to the file of the Assessing Officer for fresh adjudication. Needless to say, the assessee be given opportunity of hearing by following principles of natural justice.”

7. So, in view of the matter, present issue for the year under consideration is also remitted back to the AO to decide afresh in accordance with the findings given by the **coordinate Bench of the Tribunal in AY 2011-12** (supra) and assessment order framed u/s 143(3) r.w.s. section 254/144B of the Act for AY 2011-12 by following the rule of consistency. Resultantly, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in open court on this 28th day of October, 2021 after the conclusion of the virtual hearing.

**Sd/-
(R.K. PANDA)
ACCOUNTANT MEMBER**

**sd/-
(KULDIP SINGH)
JUDICIAL MEMBER**

Dated the 28th day of October, 2021/TS

Copy forwarded to:

- 1.Appellant
- 2.Respondent
- 3.CIT
- 4.CIT(A)-7, New Delhi.
- 5.CIT(ITAT), New Delhi.

**AR, ITAT
NEW DELHI.**