

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH: 'C' NEW DELHI**

**BEFORE SHRI AM ALANKAMONY, ACCOUNTANT MEMBER
AND
SH. YOGESH KUMAR U.S., JUDICIAL MEMBER**

I.T.A. No. 03/DEL/2018 (A.Y 2014-15)

Incom Cables Pvt. Ltd. A-90, Naraina Industrial, Phase-1, New Delhi PAN No. AAACI0276K (APPELLANT)	Vs	Addl. CIT Special Range-4 New Delhi (RESPONDENT)
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Appellant by	Sh. Kunal Malhotra, Adv
Respondent by	Smt. Princy Singhla, Sr. DR

Date of Hearing	08.03.2022
Date of Pronouncement	10.03.2022

ORDER

PER YOGESH KUMAR U.S., JM

This appeal is filed by the assessee against the order dated 07/09/2017 passed by the CIT(A)-35, New Delhi for Assessment Year 2014-15.

2. The brief facts of the case are that, assessee is a Company engaged in business of manufacturing cables and filed its return of income on 28/11/2014 as per normal provisions of Income Tax Act. Subsequently, the return was revised on the same day declaring total income of Rs. 4,42,40,090/-. The case was selected for scrutiny and notice u/s 143(2) of the Act was issued to the assessee, the assessee has participated in the assessment proceedings through his representative and requisite details were filed.

3. The assessment order has been passed on 25/11/2016 against the assessee by computing the total income of the assessee at Rs. 5,06,19,060/- as against the returned income of Rs. 4,42,40,090/- in following manners:-

<i>Income as declared by the assessee</i>	<i>Rs.</i>	<i>4,42,40,090/-</i>
Additions		
<i>1. Disallowance out of tour & travel expenses</i>	<i>Rs.</i>	<i>39,02,268/-</i>
<i>2 Disallowance of Staff training expenses</i>	<i>Rs.</i>	<i>19,76,700/-</i>
<i>3. Disallowance out of repair and maintenance expenses</i>	<i>Rs.</i>	<i>5,00,000/-</i>
Total Income	Rs.	5,06,19,058/-
Rounded off	Rs.	5,06,19,060/-

4. As against the assessment order dated 25/11/2016, the assessee has preferred an appeal before CIT (A)-35, New Delhi. The Ld. CIT(A) has partially allowed the travelling allowances of Directors and restricted the addition to Rs. 28,97,907/-, allowed the allowances of Rs. 5,00,000/- out of domestic travelling expenses, allowed repair and maintenance expenses of Rs. 5,00,000/- and sustained disallowance of "Staff Training Expenses" of Rs. 19,76,700/-, thereby the CIT(A) has partly allowed the appeal vide dated 07/09/2017.

5. Aggrieved by the order dated 07/09/2017 passed by CIT(A) the assessee is before us on following ground:-

"1 That the action of the Hon'ble Commissioner of Income Tax (Appeals)-35, New Delhi by confirming the action of Assessing Officer regarding disallowing the staff training expenses amounting to Rs. 19,76,700/- is unjust, arbitrary and against the natural law and justice."

6. The Ld. Counsel for the Assessee submitted that, a sum of Rs. 19,76,700/- has been debited from assessee Company as 'Staff Training Expenses' in P & L account, which has been paid to Harvard Business School and Management for a course of assessee's Director, who was looking after the functioning of the assessee. Further, it submitted that, the said course undergone by the director has contributed to the development of the business. Therefore, contended that the said amount is allowable expenses of the assessee under 'Staff Training Expenses'.

7. Per contra, the Ld. DR vehemently contended that, the said expenditure is in the nature of personal expenses and the assessee has not substantiated the nexus of expenditure incurred with the business of the Assessee Company. Further relied on the reasoning and the conclusion of the assessment order and the order of the CIT(A), submitted that no interference is called for by this Tribunal.

8. We have heard the Ld. Counsel Sh. Kunal Malhotra, for appellant and Ld. Sr. DR Smt. Princy Singhla, for the Revenue, perused the records and gave our thoughtful consideration. In the present case, there is no dispute that the Director of the assessee Company who was looking after the functioning of the assessee Company, has joined to the course in Harvard Business School and Management and the assessee Company has incurred the expenditure of Rs. 19,76,700/-. The said amount has been debited from assessee's company as "Staff Training Expenses" in the P & L Account. The said expenditure which was incurred by the Company has been paid to Harvard Business School and Management for a management program i.e. "Owner/President Management Program, Batch No. 47" of assessee's Director Mr. Raghav Sharma, who was looking after the functioning of the assessee, the said course is in advanced management.

9. We find that, on undergoing such “Owner/President Management Program” course by a director of a company will certainly improves the management skill and decision making skill and also add to the competence as the Director of a company. Since the said director who was looking after the management of the Assessee, such Management program course will result in improvement of the management skill of the director and the such skill and expertise acquired by the Director in the said course will ultimately of the use and benefit in day to day business of the assessee. The assessee is engaged in business of manufacturing cables, using such skill and expertise acquired by the Director in the said course will ultimately improves the efficiency and productivity of assessee. Therefore, in our opinion the said amount of Rs.19,76,700/- is allowable expenses under the provisions of the Act. Accordingly, we allow the grounds taken by the assessee.

10. In the result, the appeal of the assessee is allowed.

Order pronounced in the Open Court on this 10th Day of March, 2022

**Sd/-
(AM ALANKAMONY)
ACCOUNTANT MEMBER**

**Sd/-
(YOGESH KUMAR U.S.,)
JUDICIAL MEMBER**

Dated: 10/03/2022
*R. Naheed **

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**

