

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "B", PUNE

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND
SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER

ITA No. 198/PUN/2019

निर्धारण वर्ष / Assessment Year : 2011-12

M/s. Rathod Industries, E-14, MIDC, Shirol, Kolhapur – 416122 PAN : AADFR1065K	Vs.	DCIT, Circle-2, Kolhapur
Appellant		Respondent

Assessee by None
Revenue by Shri M. Jasnani
Date of hearing 19-04-2022
Date of pronouncement 20-04-2022

आदेश / ORDER

PER R.S. SYAL, VP :

This appeal by the assessee arises out of the order dated 26-11-2018 passed by the CIT(A)-1, Kolhapur in relation to the assessment year 2011-12.

2. The first issue is against the confirmation of disallowance of labour charges at 7.38%.
3. Briefly stated, the facts of the case are that the assessee is engaged in manufacture of finished casting. It claimed deduction of Labour charges (Others) at Rs.4,71,821/- and Labour charges (Job work) at Rs.99,05,059/-. During the course of assessment

proceedings, the Assessing Officer (AO) observed that most of the expenses were supported by self-made vouchers and hence were not verifiable. He took note of the fact that for the A.Y. 2008-09, the disallowance out of Labour charges was made at Rs.7.38% for similar reasons, which got confirmed in the first appeal. Considering the entire facts, the AO made disallowance for a sum of Rs.10,37,688/- at 10%. The ld. CIT(A) reduced the disallowance to 7.38%. Aggrieved thereby, the assessee has come up in appeal before the Tribunal.

4. We have heard the ld. DR and gone through the relevant material on record. There is no appearance from the side of the assessee despite notice. As such we are proceeding to dispose of the appeal *ex parte qua* the assessee. It is seen that the disallowance out of Labour charges was sustained for the A.Y. 2008-09 at 7.38%. A categorical finding has been recorded that the assessee accepted such an order and did not agitate it in further appeal before the Tribunal. Admittedly, the expenses under the head Labour Charges, both - 'Others' and 'Job work', were not properly supported by vouchers. Considering the entirety of the facts and circumstances of the instant case, we are

satisfied that the disallowance sustained by the Id. CIT(A) at 7.38% is just and fair. We, therefore, uphold the impugned order on this score.

5. The other ground is about the *ad hoc* disallowance of Rs.2,67,160/- made by the AO out of various expenses. The AO observed that the assessee incurred certain expenses, like, Telephone, Travelling, Factory expenses, Machine maintenance, Petrol expenses, Vehicle repair etc., which were not properly supported by vouchers. Taking a cue from the A.Yrs. 2005-06, 2006-07 and 2008-09, the AO made disallowance at 10% of such expenses at Rs.2,67,160/-. The Id. CIT(A) sustained the disallowance.

6. Having heard the Id. DR and gone through the relevant material on record, it is observed that the expenses incurred by the assessee under the respective heads, taken note of by the AO at last page of his order, were either not supported by proper vouchers or had personal element. Considering the fact that the disallowance has been sustained at 10% in the earlier years, we approve the view taken by the Id. CIT(A).

7. The only other ground which survives in this appeal is against the invocation of provisions of section 145(3) of the Act. In view of the fact that the expenses were not properly vouched and were made on the basis of self-prepared vouchers, we are satisfied that the AO was justified in invoking the provisions of section 145(3) of the Act. This ground fails.

8. In the result, the appeal is dismissed.

Order pronounced in the Open Court on 20th April, 2022.

Sd/-
(PARTHA SARATHI CHAUDHURY)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 20th April, 2022
Satish

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The CIT(A)-1, Kolhapur
4. The Pr.CIT-1, Kolhapur
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "B" / DR 'B', ITAT, Pune
6. गार्ड फाईल / Guard file

आदेशानुसार/ BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	19-04-2022	Sr.PS
2.	Draft placed before author	20-04-2022	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
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10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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