

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, CHENNAI

श्री महावीर सिंह, उपाध्यक्ष एवं श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.:133/CHNY/2022
निर्धारण वर्ष /Assessment Year:2017-18

M/s. Sri Krishna Saree,
No.73/2, Neela East Street,
Nagapattinam – 611 001.

The Income Tax Officer,
v. Ward (1),
Nagapattinam

PAN: ACLFS 1994E
(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by
प्रत्यर्थी की ओर से/Respondent by

: None
: Shri AR.V. Sreenivasan, Addl.CIT

सुनवाई की तारीख/Date of Hearing

: 12.05.2022

घोषणा की तारीख/Date of Pronouncement

: 25.05.2022

आदेश /O R D E R

PER MAHAVIR SINGH, VP:

This appeal by the assessee is arising out of the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi in Appeal No. CIT(A), Tiruchirappalli – 1/10301/2019-20 dated 27.12.2021. The assessment was framed by the ITO, Ward (1), Chennai for the assessment year 2017-18 u/s.143(3) of the Income Tax Act, 1961 (hereinafter the 'Act') vide order dated 17.12.2019.

2. The only issue in this appeal of assessee is against the order of CIT(A) confirming the action of AO in estimating the disallowance of expenditure on adhoc basis @ 10% on salary and EB charges. For this, assessee has raised various factual grounds, which need not to be reproduced.

3. We have heard Id. Senior DR and gone through facts and circumstances of the case. Brief facts are that the assessee firm is a retail trader of textile business. During the course of scrutiny assessment proceedings, the AO noticed from the ledger account that the assessee has paid salary and EB charges to the extent of Rs.17,34,000/- as against salary and Rs.17,06,647/- as EB charges claimed immediately preceding year i.e., year ended 31.03.2016 at Rs.6.60 lakhs. As the assessee has not furnished any supportive documents, the AO disallowed 10% of salary and EB charges and thereby worked out the disallowance at Rs.1,73,400/- from salary and Rs.1,70,600/- from EB charges. Aggrieved, assessee preferred appeal before CIT(A). The CIT(A) simpliciter confirmed the action of AO. Aggrieved, now assessee is in appeal before the Tribunal.

4. We have heard Id.DR and gone through facts and circumstances of the case. We noted that the assessee in the relevant year 2016-17 i.e., financial year claimed salary and EB charges to the extent of Rs.17.34 lakhs and Rs.17.06 lakhs

respectively on a total turnover of Rs.5,63,46,823/-. We have also noted that in the immediate preceding year i.e., year ended 31.03.2016, the assessee has incurred salary expenses of Rs.6.60 lakhs and EB charges of Rs.2.88 lakhs as against total turnover of Rs.2,39,41,889/-. We noted that the turnover has increased more than double and consequently expenses have increased little more than doubt on both counts i.e., salary as well as EB charges. We noted that the AO has made estimated disallowance on the basis that the assessee has not furnished any separate documents like details of staff or details of electricity bills. We noted that this is purely adhoc disallowance made by AO and confirmed by CIT(A) and there is no itemized disallowance and based on specific invoice. Hence, we delete the disallowance and allow the appeal of assessee.

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

Order pronounced in the open court on 25th May, 2022 at Chennai.

Sd/-

(मनोज कुमार अग्रवाल)

(MANOJ KUMAR AGGARWAL)
लेखा सदस्य /ACCOUNTANT MEMBER

Sd/-

(महावीर सिंह)

(MAHAVIR SINGH)
उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,
दिनांक/Dated, the 25th May, 2022

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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|------------------------|--------------------------|------------------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकर आयुक्त (अपील)/CIT(A) |
| 4. आयकर आयुक्त /CIT | 5. विभागीय प्रतिनिधि/DR | 6. गार्ड फाईल/GF. |