

**आयकर अपीलीय अधिकरण 'सी' न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'C' BENCH, CHENNAI**

**माननीय श्री महावीर सिंह, उपाध्यक्ष एवं**  
**माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।**  
**BEFORE HON'BLE SHRI MAHAVIR SINGH, VICE PRESIDENT AND**  
**HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**

आयकर अपील सं./ **ITA No.1205/Chny/2019**  
(निर्धारण वर्ष / **Assessment Year: 2014-15**)

<b>Shri Rajesh Senji Srinivasan</b> B 606, Ceebros Atlantic No.3, Montieth Road (Red Cross Road) Egmore – 600 008.	<b>बनाम/ Vs.</b>	<b>ACIT</b> Non Corporate Circle-18, Chennai.
स्थायी लेखा सं./जीआइ आर सं./ <b>PAN/GIR No. AEHPR-7808-E</b>		
(□ पीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थी की ओरसे/ <b>Appellant by</b>	:	Ms. N.V. Lakshmi (Advocate)-Ld. AR
प्रत्यर्थी की ओरसे/ <b>Respondent by</b>	:	Shri P. Sajit Kumar (JCIT) –Ld. DR
सुनवाई की तारीख/ <b>Date of Hearing</b>	:	09-06-2022
घोषणा की तारीख / <b>Date of Pronouncement</b>	:	09-06-2022

**आदेश / O R D E R**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2014-15 arises out of the order of learned Commissioner of Income Tax (Appeals)-15, Chennai [CIT(A)] dated 27-02-2019 in the matter of assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 29-12-2016. The sole grievance of the assessee is disallowance u/s 40A(2)(b) which is adjudicated as under.

2. The Ld. AO made disallowance of Rs.6.93 Lacs being payments made to related persons u/s 40A(2)(b). The said amount includes payment of Rs.2.13 Lacs to assessee's father and another payment of Rs.4.80 Lacs to assessee's father-in-law. The assessee is stated to be engaged in rendering consultancy services. The services of these persons are stated to have been hired for documentation, preparing reports and maintaining the office. For the same, the assessee has entered into separate agreements which specify the nature of work being handled by them. The assessee also filed confirmation letters as well as Income Tax returns of the payee depicting the aforesaid payment. The copies of Form 16A were also furnished. During appellate proceedings, the assessee filed qualifications and detailed note on service offered by the relatives and assailed the disallowance. The Ld. CIT(A) noted that the payments was made to assessee's father in Bangalore and father-in-law located at Chennai. There was no description of the nature of services being rendered by them. The confirmation letters were held to be general and vague, No such professional fees was paid by the assessee to the other. The payees fall under tax slab of 20% as against the fact that the assessee fall in 30% slab. Therefore, the disallowance was confirmed. Aggrieved, the assessee is in further appeal before us.

3. Upon due consideration, we find that the services have been availed by the assessee under agreements. Due compliance of TDS provisions has been made by the assessee. Undisputedly, both the payees have depicted this income in their Income tax Returns. If the services were hired from outside, the assessee would be obligated to make the payments to outsiders also. There is no evidence that the

payments are excessive or unreasonable giving regards to the market value of the services. All these facts favor the case of the assessee. Therefore, by deleting the disallowance of Rs.6.93 Lacs, we allow the appeal.

4. The appeal stand allowed.

Order pronounced on 09<sup>th</sup> June, 2022.

**Sd/-**  
**(MAHAVIR SINGH)**  
**उपअध्यक्ष / VICE PRESIDENT**

**Sd/-**  
**(MANOJ KUMAR AGGARWAL)**  
**लेखक सदस्य / ACCOUNTANT MEMBER**

चेन्नई / Chennai; दिनांक / Dated : 09-06-2022  
EDN/-

**आदेश की प्रतिलिपि ँ ग्रेषित/Copy of the Order forwarded to :**

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