

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'F', NEW DELHI**

**BEFORE SH. ANIL CHATURVEDI, ACCOUNTANT MEMBER
AND SH. NARENDER KUMAR CHOUDHARY, JUDICIAL MEMBER**

ITA No. 5831/Del/2019
(Assessment Year : 2015-16)

ITO Ward - 21(3), New Delhi PAN No. AAGCR 9371 N (APPELLANT)	Vs.	Ritual Holidays Pvt. Ltd. 2172/5, 2 nd Floor, West Patel Nagar, Delhi - 110 008 (RESPONDENT)
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Assessee by	Shri Udai Singh, C.A.
Revenue by	Shri Toufel Tahir, Sr. D.R.

Date of hearing:	16.06.2022
Date of Pronouncement:	07.07.2022

ORDER

PER ANIL CHATURVEDI, AM :

This appeal filed by the Revenue is directed against the order dated 10.04.2019 of the Commissioner of Income Tax (Appeals)-7, New Delhi relating to Assessment Year 2015-16.

2. Brief facts of the case as culled out from the material on record are as under:-

3. Assessee is a company stated to be engaged in the business of Tour Operator Services. Assessee filed its return of income for A.Y. 2015-16 on 01.10.2015 declaring total income at Rs. NIL. The case was selected for scrutiny and thereafter assessment was framed u/s 143(3) of the Act vide order dated 28.12.2017 and the total income was determined at Rs.1,69,38,308/-.

4. Aggrieved by the order of AO, assessee carried the matter before CIT(A) who vide order dated 10.04.2019 in Appeal No.10355/347/CIT(A)-7/Del/2017-18 granted substantial relief to the assessee. Aggrieved by the order of CIT(A), Revenue is now in appeal and has raised the following grounds:

1. *“In the facts and on the circumstances of the case and in law, whether the Ld CIT(A) is justified in deleting the addition of Rs. 1,69,38,308/- made by the AO on account of disallowance of expenses.*
2. *The appellant craves to be allowed to add any fresh ground(s) of appeal and /or delete or amend any of the ground(s) of appeal.”*

5. During the course of assessment proceedings, AO noticed that assessee had claimed aggregate direct expenses amounting to Rs.1,52,37,127/- and other expenses amounting to Rs.17,01,181/- (details of expenses are tabulated under para 3 of the assessment order). AO noted that assessee was asked to furnish details of expenses along with supporting evidences but according to AO assessee did not produce supporting evidences. He, therefore, concluded that assessee had failed to prove the

genuineness, creditworthiness and nature of expenses. He accordingly disallowed the entire direct and indirect expenses aggregating to Rs.1,69,38,308/- and made its addition.

6. Aggrieved by the order of AO, assessee carried the matter before CIT(A). CIT(A) after considering the submissions of the assessee, the remand report received from the AO and assessee's reply to the remand report deleted the addition. While deleting the addition, he noted that AO had not identified any bills and vouchers which were not for the purpose of business nor has pointed to any defect in the supporting evidences. He further noted that assessee is a Private Limited Company and therefore there cannot be any expenditure which are personal in nature. He further noted that its accounts are audited and the disallowance has been made by the AO on estimated and adhoc basis and are without any basis. He accordingly, deleted the adhoc disallowances. Aggrieved by the order of CIT(A), Revenue is now in appeal before us.

7. Before us, Learned DR supported the order of AO.

8. Learned AR on the other hand reiterated the submissions made before the AO and CIT(A) and further submitted that there are internal consistency in the observation of the AO that assessee had failed to produce the necessary evidences of the expenditure. In support of its aforesaid contention, he pointed to

the para 2 of the assessment order wherein the AO has noted that authorities representative of the assessee had attended from time to time and had filed documents which are also verified on test-check basis. He thereafter, pointed to the para 4 of the order wherein while disallowing the expenses, AO has noted that assessee could not produce supporting evidences about the expenses. He therefore submitted that observation of the AO while disallowing the expenditure is contrary to the facts. He further submitted that AO had disallowed the entire direct and indirect expenditure without any basis. He submitted that CIT(A) after considering the details had deleted the additions made by AO. He thus supported the order of CIT(A).

9. We have heard the rival submissions and perused the material available on record. The issue in the present ground is with respect to the disallowance of entire direct and indirect expenses amounting to Rs.1,69,38,308/-. We find that AO had disallowed the entire expenditure holding that assessee had not produced any necessary evidence to justify the expenses. When the matter was carried before the CIT(A), CIT(A) had called for remand report from the AO. CIT(A) while deciding the issue at para 6.4 of the order has noted that in the remand report no comments were offered by the AO on the directions given by CIT(A) and documents relied on by the assessee to support the evidences were produced before the AO by the assessee and were also forwarded to AO. He has further given a finding that AO has

not identified any bills or vouchers which are not allowable nor has pointed to any defect in the evidences produced by assessee. He has further given a finding that the adhoc disallowance made by AO is without any basis. He accordingly deleted the addition. Before us, no fallacy in the findings of CIT(A) has been pointed out by Revenue. We therefore find no reason to interfere with the order of CIT(A) and **thus the ground of Revenue is dismissed.**

10. In the result, appeal of the Revenue is dismissed.

Order pronounced in the open court on 07.07.2022

Sd/-
(NARENDER KUMAR CHOUDHARY)
JUDICIAL MEMBER

Sd/-
(ANIL CHATURVEDI)
ACCOUNTANT MEMBER

Date:- 07.07.2022
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Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT NEW DELHI