

**IN THE INCOME TAX APPELLATE TRIBUNAL  
AMRITSAR BENCH, AMRITSAR**

**BEFORE DR. M. L. MEENA, ACCOUNTANT MEMBER  
AND SH. ANIKESH BANERJEE, JUDICIAL MEMBER**

**I.T.A. No. 525/Asr/2018**  
Assessment Year: 2014-15

M/s Suraj Motors Pvt. Ltd.,  
Sharika Bhawan,  
Exchange Road, Srinagar

[PAN: AAGCS 0861A]

**(Appellant)**

Vs. Income Tax Officer,  
Ward 3(3), Srinagar

**(Respondent)**

Appellant by : None (Written submission)

Respondent by: Sh. S. M. Surendranath, Sr. DR

Date of Hearing: 11.10.2022

Date of Pronouncement: 13.10.2022

**ORDER**

**Per Dr. M. L. Meena, AM:**

This appeal has been filed by the assessee against the order dated 06.08.2018 passed by the Id. Commissioner of Income Tax (Appeals) (hereinafter referred to as 'the CIT(A)', Jammu, in respect of Assessment Year 2014-15, wherein the assessee has challenged the confirmation of addition/disallowance of Rs,1,95,692/-.

2. At the outset, the learned counsel submitted that the appeal before the Tribunal could not be filed within the specific time due to continue public disturbance and an unpleasant atmosphere prevailing in Srinagar. He requested that there was an unintentional short delay of eight days in filing the appeal, may kindly be condoned. The learned DR has no objection for the same. The delay is condoned and the appeal is allowed to be heard on merit.

3. The counsel for the assessee submitted that the AO has made ad hoc addition to Rs.1,95,692/- observing that the expenses claimed under different heads were not fully supported with proper bills/vouchers. He argued that the learned CIT(Appeal) has not appreciated the facts and circumstances of the case and brushed aside explanation filed by the assessee on record and confirmed the ad hoc addition made by the AO without application of mind. The counsel has further argued that neither the AO nor the learned CIT(A) has pointed out any defects in the books of account, particularly relating to accounting of the alleged expenses claimed under the various heads. Counsel has contended that there was no basis for disallowance of 20% of the items of expenditure on estimate basis without pointing out any specific defect in the amount of expenditure claimed by the assessee under any specific head with the support of

corroborative documentary evidences. He prayed that such a disallowance/ addition may be deleted.

4. Per contra, the learned Additional CIT DR stands by the order of the CIT(Appeal).

5. Having heard both the sides, perusal of record and the impugned order, it is admitted fact that the AO has made an ad hoc addition of Rs. 1,95,692/- at the rate of 20% out of the total expenses claimed under various heads such as travelling, conferences, advertisement, maintenance of vehicles etc. holding that assessee failed to produce proper bills/vouchers. It is noted that, neither the AO nor the CIT(A) has mentioned any specific expense or specific amount for which the assessee has not produced the bill/vouchers required to be produced, in the course of assessment proceedings or appellate proceedings. In our view, such an ad hoc addition without support of corroborative documentary evidences being brought on record by the authorities below cannot be approved.

6. The Hon'ble Madras High Court in the case of 'Shri VC ArunaiVadivelan v. The ACIT', in Appeal No. 61 to 2019; order dated the 05.02.2021, on the issue of ad-hoc disallowances held as under:

*“The facts which we have noted in the preceding paragraphs would disclose that the assessee had produced the books of accounts, ledgers, purchase and sales registers, stock registers, bills, vouchers for expenses claimed including purchase bills, freight bills as called for by the Assessing Officer. This is admitted by the Assessing Officer in the assessment order. If such is the situation, whether the Assessing Officer could have made adhoc disallowance. Admittedly, the assessee's case was selected for scrutiny under [section 143\(3\)](#) of the Act. If such is the fact situation, the Assessing Officer was bound to scrutinize the documents produced and frame an assesment by granting/refusing eligible/ineligible deduction. We find that the Assessing Officer has made observation that the vouchers are self made/hand written and some vouchers are not produced. This in our opinion appears to be a vague statement. This finding has been recorded by the Assessing Officer with regard to the amount claimed by the assessee as <https://www.mhc.tn.gov.in/judis/T.C.A.No.612> of 2019 expenses towards transport charges. Given the nature of the industry, we can take judicial notice of the fact that always computer generated vouchers may not be issued by the transporters unless they are an organization owning a large fleet. If the Assessing Officer had any doubt with regard to the genuinity of any one of the vouchers produced he could have drawn sample vouchers and called upon the assessee to establish its genuineness. Without doing so, making an adhoc disallowance by not specifically assigning any reason to a voucher or bunch of vouchers is not legally tenable.”*

7. In the present case, the Assessing Officer has made observation that the expenses claimed under the different heads are not fully supported with corresponding vouchers. In our view, the observation of the AO and the learned CIT(A) is appeared to be a vague statement. This finding has been recorded by the Assessing Officer with regard to the amount claimed by assessee in respect of expenses towards travelling expenses, conveyance, meeting in conferences, advertisement, running in

maintenance of vehicle and watches and ward expenses. Considering the nature of business of the assessee, we can take judicial notice of the fact that these expenses are genuinely required in the regular functioning of the assessee's business. If the Assessing Officer had any doubt with regard to the genuinity of any one of the bills/vouchers of the expenditure, he could have drawn bill/ vouchers randomly and called upon the assessee to establish its genuineness. In our view, without doing specific verification, making an adhoc disallowance by not assigning any specific reason to a voucher or bunch of vouchers is not legally tenable.

8. Accordingly, we hold that the order of the CIT (Appeal) is perverse to the facts on record and therefore, the ad-hoc addition of Rs.1,95,692/- is deleted.

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

*Order pronounced in the open court on 13.10.2022*

**Sd/-**  
**(Anikesh Banerjee)**  
**Judicial Member**

**Sd/-**  
**(Dr. M. L. Meena)**  
**Accountant Member**

*\*GP/Sr/PS\**

Copy of the order forwarded to:

- (1) The Appellant:
- (2) The Respondent:
- (3) The CIT(Appeals)
- (4) The CIT concerned

(5) The Sr. DR, I.T.A.T

True Copy  
By Order