

**IN THE INCOME TAX APPELLATE TRIBUNAL,
MUMBAI BENCH “G”, MUMBAI**

**BEFORE SHRI KULDIP SINGH, JUDICIAL MEMBER
AND
SHRI AMARJIT SINGH, ACCOUNTANT MEMBER**

**ITA No.1255/M/2022
Assessment Year: 2014-15**

M/s. Global Business Conexxtions Pvt. Ltd., 77, Laxmi Nagar, Raisen Road, Piplani, Bhopal, Madhya Pradesh -462022 PAN: AAECG0819J	Vs.	Dy. Commissioner of Income Tax-1(1), Room No.109, Aayakar Bhavan, Hoshangabad Road, Bhopal, Madhya Pradesh-462011
(Appellant)		(Respondent)

Present for:

Assessee by : None
Revenue by : Shri Harmesh Lal, D.R.

Date of Hearing : 04 . 10 . 2022
Date of Pronouncement : 31 . 10 . 2022

O R D E R

Per : Kuldip Singh, Judicial Member:

The appellant, M/s. Global Business Conexxtions Pvt. Ltd. (hereinafter referred to as ‘the assessee’) by filing the present appeal, sought to set aside the impugned order dated 26.03.2021 passed by Commissioner of Income Tax (Appeals), Mumbai [hereinafter referred to as the CIT(A)] qua the assessment year 2014-15 on the grounds inter-alia that :-

“1. The Id. CIT(A) erred in facts and law in confirming the ad-hoc disallowance made by the Id. Assessing Officer of Rs.5,33,203/-, being 10% of Rs.53,32,025/- towards travelling expenses on his own

surmises without appreciating the explanations / documents placed on record.

2. The Id. CIT(A) erred in facts and law in confirming the ad-hoc disallowance made by the Id. Assessing Officer of Rs. 1,78,397/-, being 10% of Rs. 17,83,979/-towards telephone expenses on his own surmises without appreciating the explanations / documents placed on record.

3. The Id. CIT(A) erred in facts and law in confirming the addition made by the Id. Assessing Officer of interest income amounting to Rs.1,46,80,110/- on his own assumptions, without affording reasonable opportunity of being heard.

4. Each of the above Grounds of Appeals are independent and without prejudice to one another.

5. Your appellant craves leave to add, amend, alter or drop all or any of the above grounds of appeal.”

2. Briefly stated facts necessary for adjudication of the issues at hand are: assessee's return of income declaring total income of Rs.5,77,53,340/- was put to limited scrutiny under CASS by way of issuance of notice under section 143(2) of the Income Tax Act, 1961 (for short 'the Act'). The Assessing Officer (AO) noticed that the assessee debited an amount of Rs.53,32,025/- towards travelling expenses. The AO proceeded to disallow 10% of travelling expenses claimed by the assessee i.e. Rs.5,33,203/- claimed in the P&L account on the ground that bills and vouchers of the said expenses being not maintained properly as some of the vouchers are self made. The AO also made adhoc disallowance of Rs.1,78,379/- being 10% of Rs.17,83,797/- towards telephone expenses are not maintained properly. The AO also disallowed an amount of Rs.1,46,80,110/- on account of interest income having not been shown in his books of accounts and during the assessment proceedings the assessee has failed to substantiate its claim that he

booked this income in other years and thereby framed the assessment under section 143(3) of the Act.

3. Assessee carried the matter before the Ld. CIT(A) by way of filing appeal who has confirmed the addition by dismissing the appeal. Feeling aggrieved, assessee has come up before the Tribunal by way of filing present appeal.

4. This appeal was instituted on 23.05.2022 thereafter none appeared on behalf of the assessee despite notices were sent to the assessee for 12.07.2022, 22.08.2022 and 04.10.2022 through registered post with acknowledgement due (RPAD) not received back served/unserved. Since period of more than one month has already elapsed the notices sent to the assessee are presumed to have been served, but the assessee has not preferred to put in appearance to prosecute this appeal. Consequently, the Bench has decided to dispose of the appeal on the basis of documents available on record with the assistance of the Ld. D.R. for the Revenue.

5. We have heard the Ld. Departmental Representative for the Revenue, perused the orders passed by the Ld. Lower Revenue Authorities and documents available on record in the light of the facts and circumstances of the case and case law relied upon.

Ground No.1 & 2

6. So far as making disallowance of Rs.5,33,203/- and Rs.1,78,397/- being 10% of Rs.53,32,025/- and Rs.17,83,979/- towards travelling expenses and telephone expenses respectively is concerned, the issue has not been examined neither by the AO nor

by Ld. CIT(A) on the basis of argument and evidence brought on record by the assessee during assessment proceedings as well as appellate proceedings.

7. When we examine para 4.2 of Ld. CIT(A), the assessee has come up with specific written submissions which are extracted as under:

“4.2 During the appellate proceedings, the appellant has filed a written submission, which is reproduced as under:

"... Addition 2: The AO's contention stating that bills and vouchers were not maintained properly is not true. Further, the AO also states that some of the vouchers were self-made, which would be the case for expenses of such nature such as travelling expenses.

The Appellant would like to provide sample bills and vouchers and financial statements as Annexure for your ready reference (Annexure 6). AO has not given enough opportunity of being heard before finalizing the case and concluding the proceedings, which is against nature principles of natural justice...."

"... Addition 3: The AO's contention stating that bills and vouchers were not maintained properly is not true. Further, the AO a/so states that some of the vouchers were self-made which would be the case for expenses of such nature such as telephone expenses.

The Appellant would like to provide sample bills and vouchers and financial statements as Annexure for your ready reference (Annexure 7). AO has not given enough opportunity of being heard before finalizing the case and concluding the proceedings, which against nature principles of natural justice ..."

8. However, aforesaid written submissions have not been examined neither by the AO nor by Ld. CIT(A) rather mechanically made disallowance @ 10% of the total expenses claimed, particularly when books of account of the assessee have never been disputed by the AO. The assessee has specifically pleaded that the AO has not given enough opportunity of being heard during the assessment proceedings which fact is also evident from the findings

returned by Ld. CIT(A) which are mechanical in nature. To decide the issue once for all we are of the considered view that both these issues are required to be remitted back to the AO to decide afresh after providing opportunity of being heard to the assessee. Accordingly, grounds No.1 & 2 of the assessee are allowed.

Ground No.3

9. The AO also made addition by way of disallowance of interest income of Rs.1,46,80,110/- without providing opportunity of being heard to the assessee. Even during the appellate proceedings the assessee has filed elaborate submissions in para 5.2 which are extracted for ready perusal as under:

".... Addition 1: The Assessing Officer's (hereafter referred to as 'AO') contention that the Appellant has not recorded the interest income in the return of income and hence should be added to the total income of the appellant. However, the appellant had made submissions stating TDS and corresponding interest income has not been claimed in the return of income since the same has been booked in future years.

The AO considered the written submission of the appellant, however, did not find the same acceptable. Additionally, the below table summarizes the various interest incomes show in the return of income for the year under consideration.

<i>Particulars</i>	<i>Amt as per books</i>	<i>Amt as per 26AS</i>	<i>Difference</i>
<i>Indian Overseas Bank</i>	<i>28,77,41,991</i>	<i>16,68,03,000</i>	<i>12,09,38,991</i>
<i>State Bank of Travencore</i>	<i>5,14,14,880</i>	<i>6,96,41,005</i>	<i>-1 ,82,26,125</i>
<i>The Catholic Syrian Bank Ltd</i>	<i>16,53,558</i>	<i>25,07,407</i>	<i>-8,53,849</i>
<i>The Federal Bank Ltd</i>	<i>1 ,02,682</i>	<i>1 ,02,682</i>	<i>-</i>
<i>Axis Bank Ltd</i>	<i>47,13,397</i>	<i>47,13,397</i>	<i>-</i>
<i>Total</i>	<i>34,56,26,508</i>	<i>24,37,67.491</i>	<i>1 0,18,59.017</i>

10. Aforesaid submissions have also not been considered by the Ld. CIT(A) because assessee has come up with specific pleading that “TDS and corresponding interest income in question have not been claimed in the return of income since the same has been booked in the future years”. This question has not been considered by the AO by duly verifying the same nor it is examined by the Ld. CIT(A) by calling a remand report. In the written submissions the assessee has also pleaded that the AO has also not given enough opportunity of being heard to the assessee, which fact is proved from the findings returned by the AO which are based upon surmises. So this issue is also required to be remitted back to the AO to decide afresh after providing opportunity of being heard to the assessee.

11. Resultantly, appeal filed by the assessee is allowed.

Order pronounced in the open court on 31.10.2022.

**Sd/-
(AMARJIT SINGH)
ACCOUNTANT MEMBER**

**Sd/-
(KULDIP SINGH)
JUDICIAL MEMBER**

Mumbai, Dated: 31.10.2022.

* Kishore, Sr. P.S.

Copy to: The Appellant
The Respondent
The CIT, Concerned, Mumbai
The CIT (A) Concerned, Mumbai

The DR Concerned Bench

//True Copy//

By Order

Dy/Asstt. Registrar, ITAT, Mumbai.