

आयकर अपीलीय अधिकरण न्यायपीठ “एक-सदस्य” मामला रायपुर में

**IN THE INCOME TAX APPELLATE TRIBUNAL  
RAIPUR BENCH “SMC”, RAIPUR**

**श्री रवीश सूद, न्यायिक सदस्य के समक्ष  
BEFORE SHRI RAVISH SOOD, JUDICIAL MEMBER**

**आयकर अपील सं./ ITA No.168/RPR/2022**

**निर्धारण वर्ष / Assessment Year : 2014-15**

Ashoka Transways Service Private Limited  
Oppo. Balaji Petrol Pump  
Bhanpuri, Raipur (C.G.)-492 001  
PAN : AADCA4062G

.....अपीलार्थी / Appellant

**बनाम / V/s.**

The Income Tax Officer-2(2),  
Raipur (C.G.).

.....प्रत्यर्थी / Respondent

Assessee by : None (written submission)  
Revenue by : Shri Piyush Tripathi, Sr. DR

सुनवाई की तारीख / Date of Hearing : 18.01.2023

घोषणा की तारीख / Date of Pronouncement : 19.01.2023

**आदेश / ORDER****PER RAVISH SOOD, JM**

The present appeal filed by the assessee company is directed against the order passed by the Commissioner of Income-Tax (Appeals), National Faceless Appeal Center (NFAC), Delhi, dated 25.07.2022, which in turn arises from the order passed by the A.O under Sec. 143(3) of the Income-tax Act, 1961 (in short 'the Act') dated 15.12.2016 for the assessment year 2014-15. The assessee has assailed the impugned order on the following grounds of appeal:

“1. The Id. CIT(A) has erred in law as well as on the facts and circumstances of the case in confirming the action of the A.O in invoking reasonability of the expenses and resorting to adhoc disallowances. All the expenses are incurred wholly and exclusively for the purpose of the business.

2. CIT has erred in law, facts and circumstances of the case by confirming the action of the A.O in disallowing expenses considered as improper, possibility of personal nature et on adhoc basis.

3. The appellant craves leave to add, amend, alter, vary and /or withdraw any or all the above grounds of appeal.”

2. Succinctly stated, the assessee company which is engaged in the business of transport service had e-filed its return of income for A.Y.2014-15 on 27.11.2014, declaring an income of Rs.4,67,200/-. Subsequently, the case of the assessee was selected for scrutiny assessment u/s.143(2) of the Act.

3. During the course of the assessment proceedings, it was observed by the A.O that the assessee had claimed various expenses, as under:

Sr. No.	Particulars	Expenses claimed
1.	Cartage, loading and unloading charges	Rs.1,02,37,079/-
2.	General Expenses	Rs.6,24,162/-
3.	Travelling expenses	Rs.7,84,010/-
4.	Telephone expenses	Rs.8,03,587/-

The A.O observed that as the aforesaid expenses were claimed by the assessee company on the basis of self-made vouchers and not fully supported by bills, therefore, the same were not fully verifiable. Accordingly, the A.O vide his order passed u/s.143(3) dated 15.12.2016 determined the income of the assessee company at Rs.8,87,200/- after making ad-hoc disallowances out of the aforesaid expenses, as under: -

Sr. No.	Particulars	Additions
1.	Cartage, loading and unloading charges	Rs.2,00,000/-
2.	General Expenses	Rs.1,00,000/-
3.	Travelling expenses	Rs.60,000/-
4.	Telephone expenses	Rs.70,000/-

	Total	Rs. 4,30,000/-
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4. Aggrieved, the assessee carried the matter in appeal before the CIT(Appeals) but without any success.

5. The assessee being aggrieved with the order of the CIT(Appeals) has carried the matter in appeal before me. As the assessee appellant had filed before me written submissions dated 22.08.2022, therefore, I shall dispose off the appeal after perusing the same.

6. I have heard the Ld. Departmental Representative (for short 'DR), perused the material available on record and the orders of the lower authorities, as well as considered the written submissions filed by the assessee.

7. As is discernible from the assessment order, I find that the ad-hoc disallowances made by the Assessing Officer are merely backed by general observations and not on the basis of any material which would support the same. Admittedly, an assessee's entitlement for claim of deduction of expenses u/s.37(1) of the Act pre-supposes incurring of expenses wholly and exclusively for the purpose of its business, and thus, any such expenditure which does not fall within the four corners of the pre-conditions contemplated under the said statutory provision, cannot be allowed as a deduction and can

justifiably be disallowed. But then, we are of the considered view that disallowance of expenditure can by no means be carried out on an arbitrary basis and have to be supported by irrefutable observations of the Assessing Officer that the assessee's claim for deduction of expenditure incurred do not satisfy the requirements contemplated u/s.37(1) of the Act, viz. (i) is not in the nature of an expenditure which have been incurred wholly and exclusively for the purpose of business or profession; or (ii) is in the nature of a capital expenditure; or (iii) is in the nature of a personal expenditure; or (iv) is an expenditure incurred by the assessee for any purpose which is an offence or prohibited by law. Now in the case before me, though the Assessing Officer had on an ad-hoc basis disallowed the assessee's claim for deduction of certain expenses, but the same is not supported by any material and is merely guided by general observations on his part. I am unable to comprehend as to on what basis a part of the expenditure had been disallowed while for the remaining has been allowed by the A.O. Apart from that, I find that there is no whisper in the body of the assessment order about any specific expenditure which as per the Assessing Officer could either not be verified or was not supported by bills or vouchers. In my considered view, such exercise of disallowing the assessee's claim for deduction of certain expenses on an ad-hoc basis without placing on

record any supporting material can by no means be permitted. In the backdrop of my aforesaid deliberations, I find substantial force in the claim of assessee that devoid of any specific infirmity the assessee's claim for deduction of the aforesaid expenditure could not have been disallowed by the lower authorities on an ad-hoc basis. The aforesaid view is fortified by the order of the ITAT, Kolkata in the case of Animesh Sadhu Vs. ACIT, Circle-1, Hoogly, ITA No. 11/Kol/2013, dated 12.11.2014 and that of the ITAT, Delhi in the case of ACIT, New Delhi Vs. M/s Modi Rubber Ltd. ITA No. 1952/Del/2014, dated 15.05.2018. Accordingly, in the totality of the facts involved in the case before me I am unable to concur with the ad-hoc disallowance of the expenses in question by the A.O. I, thus, not finding favor with the view taken by the lower authorities set-aside the order of the CIT(A) and vacate the disallowance of Rs.4,30,000/- made by the A.O. Thus, the **Grounds of appeal No.(s) 1 & 2** raised by the assessee are allowed in terms of my aforesaid observations.

8. **Ground of appeal No.3** being general in nature is dismissed as not pressed.

9. In the result, appeal of the assessee is allowed in terms of the aforesaid observations.

Order pronounced in open court on 19<sup>th</sup> day of January, 2023

Sd/-

**(रवीश सूद / RAVISH SOOD)**

न्यायिक सदस्य/JUDICIAL MEMBER

रायपुर / Raipur; दिनांक / Dated : 19<sup>th</sup> January, 2023

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(Appeals)-1, Raipur (C.G.)
4. The Pr. CIT-1, Raipur (C.G.)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "एक-सदस्य" बेंच, रायपुर / DR, ITAT, "SMC" Bench, Raipur.
6. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

निजी सचिव /Private Secretary

आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur.