

**THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'SMC', NEW DELHI**

Before Dr. B. R. R. Kumar, Accountant Member

ITA No. 1055/Del/2023 : Asstt. Year: 2018-19

K. S. Developers LLP, A-85, New Friends Colony, New Delhi-110025 (APPELLANT)	Vs	Income Tax Officer, Ward-16(3), New Delhi (RESPONDENT)
PAN No. AAQFK0889H		

**Assessee by : Sh. M. P. Rastogi, Adv.
Revenue by : Sh. Om Parkash, Sr. DR**

Date of Hearing: 15.05.2023	Date of Pronouncement: 20.06.2023
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ORDER

The present appeal has been filed by assessee against the order of National Faceless Appeal Centre (NFAC), New Delhi dated 23.02.2023.

2. Following grounds have been raised by the assessee:

"1. The learned CIT [A] has erred in confirming the action of the learned AO of treating the setting up of business and earning of Revenue from business operations as synonyms and thereby disallowing expenses of Rs.16,18,221.

2.1 The learned CIT [A] has erred in confirming the action of the learned AO of disallowing Rs. 6,45,818 on account of House Keeping expenses -termed as "Repairs & Maintenance" incurred after the business was setup on account of the building of business center was ready of use by customers in IT Enabled services.

2.2 The learned CIT [A] has erred in confirming the action of the learned AO of disallowing Rs. 4,38,022

on account of Telephone expense for leased lines an essential adjunct IT Enabled services incurred after the business was setup on account of the building of business center was ready of use by customers.

2.3 The learned CIT [A] has erred in confirming the action of the learned AO of disallowing Rs. 5,34,781 on account of Security expenses incurred after the business was setup on account of the building of business center was ready of use by customers."

3. The revenue disallowed expenses pertaining to repairs & maintenance of Rs.6.45 lacs, telephone lease lines of Rs.4.38 lacs and security expenses of Rs.5.34 lacs on the grounds that the building was not ready for occupation and the assessee has also not shown any revenues.

4. The completion certificate issued on 28.01.2019 by Noida Authority was perused. The assessee has incurred lease line expenses which is necessary for IT enabled services, the maintenance and security charges were as a part of maintenance of the office premises and can be said to be incurred wholly and exclusively for the purpose of business. The absence of revenues do not straight away entitle the disallowance of expenses incurred by the assessee for business purpose.

5. In the result, the appeal of the assessee is allowed.
Order Pronounced in the Open Court on 20/06/2023.

Sd/-
(Dr. B. R. R. Kumar)
Accountant Member

Dated: 20/06/2023

Subodh Kumar, Sr. PS