

आयकर अपीलीय अधिकरण
कोलकाता 'बी' पीठ, कोलकाता में
**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'B' BENCH, KOLKATA**

श्री संजय गर्ग, न्यायिक सदस्य
एवं
डॉ. मनीष बोर्ड, लेखा सदस्य
के समक्ष

**Before
SRI SANJAY GARG, JUDICIAL MEMBER
&
DR. MANISH BORAD, ACCOUNTANT MEMBER**

**I.T.A. No.: 435/KOL/2023
Assessment Year: 2014-15**

***Vara Infrovate Private Limited.....Appellant
[PAN: AADCI 1482 L]***

Vs.

ITO, Ward-7(4), Kolkata.....Respondent

Appearances:

Assessee represented by: Sh. Amit Agarwal, A/R.

Department represented by: Sh. P.P.Barman, Addl. CIT, Sr. D/R.

Date of concluding the hearing : August 2nd, 2023

Date of pronouncing the order : September 8th, 2023

ORDER

Per Manish Borad, Accountant Member:

This appeal filed by the assessee pertaining to the Assessment Year (in short 'AY') 2014-15 is directed against the order passed u/s 250 of the Income Tax Act, 1961 (in short the 'Act') by ld. Commissioner of Income Tax (Appeals)-NFAC, Delhi [in short 'ld. CIT(A)'] dated 08.03.2023 arising out of the assessment

order framed by the Assessing Officer (in short ld. 'AO') u/s 143(3) of the Act dated 13.12.2016.

2. The assessee is in appeal before the Tribunal raising the following grounds:

“1. That on the facts and in the circumstances of the case, the Ld. National Faceless Appeal Centre (NFAC) was not justified in confirming ad-hoc disallowance of Rs. 4,28,334/-, being 5% of travelling and conveyance expenses debited to profit and loss account without considering the details submitted by the appellant.

2. That the appellant craves leave to add, to amend, modify, rescind, supplement or alter any of the Grounds stated here-in-above, either before or at the time of hearing of this appeal.”

3. The sole grievance of the assessee is that ld. NFAC erred in confirming the ad-hoc disallowance of Rs. 4,28,334/- being 5% of travelling and conveyance expenses.

4. The facts in brief are that the assessee is a private limited company engaged in IT enabled services and BPO service providing. NIL income declared in e-return filed for AY 2014-15 on 18.11.2014. After the case being selected for scrutiny under CASS followed by serving of statutory notices, so far as the issue under consideration is concerned, we observe that the assessee debited travelling and conveyance expense of Rs. 85,66,688/-. The assessee was asked to produce the inter parts of bills and vouchers but in absence of producing the said documents ad-hoc disallowance @ 5% was made and expenditure of Rs. 4,28,344/- was made. The assessee failed to get any relief before ld. CIT(A) since none appeared on the date of hearing.

5. Aggrieved, the assessee is now in appeal before this Tribunal. Ld. Counsel for the assessee stated that books of accounts, complete details of travelling and conveyance expenses are being maintained. Our attention was drawn to the detailed paperbook containing 61 pages filed on 19.06.2023 along with supplementary paperbook providing date-wise details of travelling and conveyance expenses.

6. Ld. D/R on the other hand vehemently argued supporting the orders of both the lower authorities.

7. We have heard rival contentions and perused the records placed before us. The ad-hoc disallowance of travelling and conveyance expenses at Rs. 4,28,344/- is in challenge before us. We notice that the assessee is in IT Service and BPO service provider. The revenue from the operations during the year amounts to Rs. 7.88 Crore. Financial statements are duly audited. The assessee claimed to have incurred Rs. 85,66,688/- during the year on travelling and conveyance expenses. As per the assessee the details were before the AO whereas ld. AO has alleged that the assessee failed to furnish any details. Before us, the assessee has filed complete details of hotel expenses, conveyance, car hire charges and travelling expenses. Date-wise and employee-wise details have been furnished.

8. On perusal of these details we note that the assessee has maintained complete details of travelling and conveyance expenses and the regular books of accounts maintained and duly audited. Considering these details, we do not find any justification in the ad-hoc disallowance @ 5% of Rs. 4,28,344/-. We, thus, set aside

the finding of ld. CIT(A) and delete the impugned disallowance made by the AO and allow ground no. 1 raised by the assessee.

9. Ground no. 2 is general in nature which needs no adjudication.

10. In the result, the appeal filed by the assessee is allowed.

Kolkata, the 8th September, 2023

Sd/-
[Sanjay Garg]
Judicial Member

Sd/-
[Manish Borad]
Accountant Member

Dated: 08.09.2023

Bidhan (P.S.)

Copy of the order forwarded to:

- 1. *Vara Infrovate Private Limited, Plot No. X 1, 2 & 3, Block-EP, Sector-V, Salt Lake City, Kolkata-700 091.***
- 2. *ITO, Ward-7(4), Kolkata.***
3. CIT(A)-NFAC, Delhi.
4. CIT-
5. CIT(D/R), Kolkata Benches, Kolkata.

// True copy //

By order

Assistant Registrar
ITAT, Kolkata Benches
Kolkata