

3. The only issue raised in this appeal is against the confirmation of disallowance of Rs.64,45,828/- towards transportation charges of water to 14 acres of land consisting of 8 gardens of bomboo trees.

4. Briefly stated, the facts of the case are that the assessee filed the return declaring loss of Rs.34,50,836/-, which was determined after reducing transportation expenses amounting to Rs.64,45,828/- from lease rent of liquor license received from M/s. Deccan Sugar Pvt. Ltd. amounting to Rs.43,60,788/-. The AO did not allow deduction of Rs.64,45,828/- on the ground that there was no linkage between the incurring of such transportation cost with the assessee's business of receipt of lease rent. The Id. CIT(A) affirmed it, against which the assessee has approached the Tribunal.

5. I have heard the rival submissions and gone through the relevant material on record. It is seen that the assessee showed only lease rental income of Rs.43,60,788/-, which was received from M/s. Deccan Sugar Pvt. Ltd. towards lease of its liquor license. The Id. AR has brought on record certain transportation bills to show that the

expenses of Rs.64,45,828/- were incurred for the transportation of water for growing bamboo trees. However, no linkage has been established between the incurring of such expenses and earning of income from leasing of liquor license. As such, the expenses cannot be allowed as deduction against the lease rental income.

6. This establishes that the growing of bamboo trees is not related with the leasing activity. If the assessee's contention is correct that the transportation charges for water were incurred for growing bamboo trees, then it would be considered as a separate activity unrelated with the lease of liquor license. In case income from bamboo trees, when realized, gets charged to tax, the assessee will be entitled to get deduction of such expenses subject to the relevant provisions, which for the time being should be carried forward as such. In case the income from bamboo trees turns out to be exempt, then there can be no question of allowing any deduction towards such expenses against the income chargeable to tax. In either case, the assessee cannot get deduction of Rs.64.45 lakh during the year under consideration against the income from lease of liquor license. I,

therefore, uphold the impugned order to this extent subject to the observations made hereinabove.

7. In the result, the appeal is dismissed.

Order pronounced in the Open Court on 06th October, 2023.

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 06th October, 2023
Satish

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The Pr.CIT concerned
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण,
SMC, Pune / DR, ITAT, Pune
5. गार्ड फाईल / Guard file

आदेशानुसार/ BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	05-10-2023	Sr.PS
2.	Draft placed before author	06-10-2023	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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