

IN THE INCOME TAX APPELLATE TRIBUNAL "D" BENCH, MUMBAI

BEFORE SHRI ABY T. VARKEY, JM AND SHRI GAGAN GOYAL, AM

आयकर अपील सं/ I.T.A. No.4764/Mum/2016

(निर्धारण वर्ष / Assessment Year: 2010-11)

DCIT-3(3)(2) Room No. 609, 6 th Floor, Aayakar Bhavan, M. K. Road, Mumbai-400020.	बनाम/ Vs.	M/s. Watermark Financial Consultants Ltd. 1009 & 1010, Maker Chamber-V, Nariman Point, Mumbai-400021.
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AAACW3474H		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)
Assessee by:	Shri A. K. Tibrewal/Saurabh Gupta	
Revenue by:	Smt. Riddhi Mishra (CIT- DR) Smt. Mahita Nair (Sr. AR)	

सुनवाई की तारीख / Date of Hearing: 21/02/2023

घोषणा की तारीख /Date of Pronouncement: 26/04/2023

आदेश / ORDER

PER ABY T. VARKEY, JM:

This is an appeal preferred by the Revenue against the order of the Ld. CIT(A)-08, Mumbai dated 26.04.2016 for AY 2010-11.

2. Ground no. 1 of appeal of the revenue is against the action of the Ld. CIT(A) deleting the addition made by AO of Rs.8,45,000/- u/s 68 of the Income Tax Act, 1961 (hereinafter "the Act").

3. Brief facts as noted by the AO are that in the assessment year under consideration, the assessee has received as loan an amount of Rs.6,45,000/- from M/s. Database Software Technology Pvt. Ltd.; and Rs.2,00,000/- from M/s. Structarch Developers Pvt. Ltd. According to the AO, the assessee could not prove the identity, creditworthiness and genuineness of the lenders. Therefore, he treated the same as unsecured cash credit and added Rs.8,45,000/-. Aggrieved, the



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assessee preferred an appeal before the Ld. CIT(A) who was pleased to delete the same. Aggrieved, the revenue is before us.

4. We have heard both the parties and perused the records. During assessment proceedings, when asked by the AO to prove the nature and source of Rs.8.5 Lakhs, the assessee filed the loan confirmation from both M/s. Data base and M/s. Structarch Developers Pvt. Ltd. However, according to AO assessee failed to file any other relevant documents to prove the creditworthiness of the lenders. So he added Rs.8.45 Lakhs u/s 68 of the Act. On appeal, the assessee brought to the notice of Ld. CIT(A) that assessee could not file the relevant documents because the same was in the custody of CBI. And before the Ld. CIT(A), the assessee produced additional evidences, which was forwarded to AO for remand report. And after receipt of remand report as well as assessee's explanation on it, the Ld. CIT(A) noted that both lenders viz M/s. Data base and M/s. Structarch are group concerns of assessee group; and both are corporate entities and regular tax payers; and that they have given loan to assessee and have creditworthiness to lend Rs.6.45 Lakhs and Rs.2 Lakhs [Total Rs.8.45 Lakhs]. Therefore, he deleted the addition. Before us, in order to prove the nature and source of loan credit of Rs.8.45 Lakhs, the assessee has produced documentary evidence to substantiate the identity, creditworthiness and genuineness of both the lenders who are group concerns and drew our attention to page no. 69 to 115 of PB which contains the entire details regarding M/s. Structarch Developers Pvt. Ltd. (SDPL) who has given loan of Rs.2,00,000/- to the assessee; and



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the Ld. AR also drew our attention to page no. 19 to 68 of PB which give relevant details of M/s. Database Software Technology Pvt. Ltd. (DSTPL) which gave loan of Rs.6.5 Lakhs. We note that the assessee had filed the following relevant documents to prove the identity, creditworthiness and genuineness of M/s. Database Software Technology Pvt. Ltd. which are as under: -

- (a) A copy of confirmation duly signed by the company (refer page no. 19)
- (b) A copy of annual accounts comprising the balance sheet and P & L of the creditor company (refer page no. 20 to 31)
- (C) A copy of ITR acknowledgement for having filed the return of income (refer page no. 32 to 59)
- (d) A copy of bank account of the creditors evidencing the advance of the sum. (refer page no. 60 to 63)
- (e) A copy of the bank account of the appellant company evidencing the receipt of the amount (refer page no. 64 to 68).

5. And for proving the nature and source of credit of the loan amount of Rs.2,00,000/-, the assessee had filed the following relevant documents of lender M/s. Structarch Developers Pvt. Ltd, which are as under: -

- (a) A copy of confirmation duly signed by the company (refer page no. 69)
- (b) A copy of annual accounts comprising the balance sheet and P & L of the creditor company (refer page no. 70 to 81)
- (C) A copy of ITR with acknowledgement for having filed the return of income (refer page no. 82 to 109)
- (d) A copy of bank account of the creditors evidencing the advance of the sum. (refer page no. 110 to 112)
- (e) A copy of the bank account of the appellant company evidencing the receipt of the amount (refer page no. 113 to 115).



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6. We have perused the balance-sheet of M/s. Database Software Technology Pvt. Ltd which shows that it has own fund to the tune of Rs.46,10,00,000/- and has given loan of only Rs.6.45 Lakhs to the assessee company. Therefore, its creditworthiness stands proved; and identity is proved by filing the copy of ITR filed by it, which reflects PAN details; and from perusal of bank statement placed at page no. 32 of PB, reveals that Rs.6.5 Lakhs has been transferred to the assessee through banking channel. In the instant case, therefore, the assessee has discharged the burden to prove the identity, creditworthiness and genuineness of the lender/group concern M/s. Database Software Technology Pvt. Ltd. Therefore, the action of the Ld. CIT(A) is upheld.

7. Coming to the M/s. Structarch Developers Pvt. Ltd, we note that it is also a group concern and Rs.2,00,000/- have been given as unsecured loan to the assessee. For providing, the identity of lender, ITR along with Pan details has been filed which is found placed at page no. 82 of PB. Perusal of the balance-sheet of M/s. Structarch Developers Pvt. Ltd. reveals that it has own funds of Rs.1,00,000/- and unsecured loan of Rs.42,20,500/- and has given Rs.2,00,000/- to the assessee. This amount has been given through banking channel which is evident from the bank statement of M/s. Structarch Developers Pvt. Ltd. as well as that of assessee which is found placed at page no. 110 to 112 of PB as well as 113 to 115 of PB. Therefore, the assessee has discharged the burden to prove the identity, creditworthiness and genuineness of the transaction. And therefore, we uphold the action of



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the Ld. CIT(A) deleting addition of Rs.2 Lakhs made by AO under Section 68 of the Act. Therefore in the facts and circumstances discussed (supra), the impugned action of Ld. CIT(A) to have deleted Rs.8.45 Lakhs is upheld, which cannot in any case be termed as perverse.

8. Coming to ground no. 2 which is against the action of the Ld. CIT(A) deleting addition of Rs.6,50,00,000/- added u/s 68 of the Act on account of Share Application Money & Share Premium received by the assessee.

9. Brief facts are that the AO noted that the assessee has received share application money & share premium of Rs.6.5 crores from the following parties: -

Sr. No	Name of the Company	No. of shares allotted	Face value of shares @Rs.10/-	Premium amount of Rs.	Total amount Rs.
1	Basant Marketing P. Ltd	5,833	58,330	34,41,670	35,00,000
2	Indigo Edutainment P. Ltd	23,333	2,33,330	1,37,66,670	1,40,00,000
3	Parth Tradelinks P. Ltd	19,167	1,91,670	1,13,08,330	1,15,00,000
4	Database Software Technology P. Ltd	22,500	2,25,000	1,32,75,000	1,35,00,000
5	Tridoss Laboratories Ltd	75,000	7,50,000	2,17,50,000	2,25,00,000
	Total	1,45,833	14,58,330	6,35,41,670	6,50,00,000

10. According to the AO, the assessee failed to give details of the share subscribers and didn't furnish relevant documents to prove the nature and source of credit entries viz copy of confirmation, copy of application made for allotment of shares, bank statement of the parties, copy of return etc, despite being asked to file the same. Since, assessee failed to substantiate the nature and source of credit entry, the AO made addition u/s 68 of the Act of Rs.6.50 crores. Aggrieved, assessee



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preferred an appeal before the Ld. CIT(A) who was pleased to delete the same. Aggrieved, the revenue is before us.

11. We have heard both the parties and perused the records. In order to prove the nature and source of credit entry of Rs.6.5 crores, the Ld. AR of the assessee drew our attention to the chart given by the AO (supra) and pointed out that out of the five (5) share subscribers other than the last share-holder (M/s. Tridoss Laboratories Ltd.), all other four (4) subscriber entities are group companies/sister concerns; and the four (4) group companies have been allotted shares worth Rs.4.25 crores in-lieu of the loan amount given by them to assessee; and instead of giving back the loan amount, assessee company have allotted shares in this year. In other words, the un-secured loan borrowed by assessee has been converted to shares and they allotted shares worth the borrowed amount.. And therefore, according to the Ld. AR, Rs. 4.25 crores which are appearing as credits in the assessee's books is actually the opening balance; and therefore it cannot be brought to tax u/s 68 of the Act. And in the relevant assessment year, the assessee received only Rs.2.25 crores from M/s.Tridoss Laboratories Ltd. and that assessee has filed relevant documents to prove the identity, creditworthiness and genuineness of M/s. Tridos; and referred to page book page 136 to 141 wherein the the following relevant documents are found placed i.e, Confirmation of Account, PAN copy, Resolution of M/s. Tridoss Laboratories to invest Rs.2.25 cr in assessee company dated 20.08.2009, share application form filed up by M/s. Tridos, Share certificate allotted to Tridos.



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Further before us, the Ld. AR of the assessee has filed a chart which would give birds eye view about the submission given by the Ld. AR regarding the five (5) entities to whom the shares were allotted by the assessee this year which is reproduced as under: -

**WATERMARK CAPITAL LIMITED
(FORMERLY KNOWN AS WATERMARK FINANCIAL CONSULTANTS PRIVATE LIMITED)**

Details and documents relating to the share subscribers of the Assessee Company

Sr No	Name & Address of share Subscribers	Net Worth			Investment in Assessee's Capital	Percentage of Net Worth	PB Volume & Page	Remarks
		Share capital	Free Reserves	Total				
1	Basant Marketing Pvt Ltd	2,00,00,000	19,80,00,000	21,80,00,000	35,00,000	1.61	II- 314	Share allotted out of Opening Balance (Loan Confirmation at Page No.116)
2	Indigo Edutainment Pvt Ltd	1,00,000	-31,12,077	-30,12,077	1,40,00,000		II - 318	Share allotted out of Opening Balance (Loan Confirmation at Page No.121)
3	Parth Tradelink Pvt Ltd	5,00,000	18,03,93,608	18,08,93,608	1,15,00,000	6.36	II - 350	Share allotted out of Opening Balance (Loan Confirmation at Page No.126)
4	Database Software Technology Pvt Ltd	2,00,00,000	44,10,00,000	46,10,00,000	1,35,00,000	2.93	II - 26	Share allotted out of Opening Balance (Loan Confirmation at Page No.19)
5	Tridos Laboratories Ltd	60,00,000	26,54,50,000	27,14,50,800	2,25,00,000	8.29	II -358	Share allotted out of Opening Balance (Loan Confirmation at Page No.136)
6,50,00,000								

12. Referring to the chart (supra), the Ld. AR drew our attention to paper book-2, page no. 314 wherein documents relating to first (1st) entity i.e, M/s. Basant Marketing Pvt. Ltd is found placed therein; and to which entity, the assessee has allotted shares + premium to the tune of Rs.35,00,000/- and we note that this company is also a group company. This amount according to the Ld. AR has been adjusted from the opening balance of loan given by it to assessee i.e. Rs.1,70,69,984/-. A perusal of the balance-sheet of M/s. Basant, placed at page no. 314 (PB-II), we note that as on 31.03.2010 it had own



funds of Rs.2,00,00,000/- and free reserves of Rs.19,80,00,000/- (Total Rs.21,80,00,000/-) and so its creditworthiness cannot be doubted. And any way Rs.35,00,000/- is part of the out-standing un-secured loan appearing as opening balance as on 01.04.2009, therefore, the Ld. CIT(A)'s impugned action of deleting the addition of Rs.35 Lakhs cannot be faulted and we confirm his action of deleting Rs.35 Lakhs.

13. Coming to the second (2nd) entity in the chart (supra) viz M/s. Indigo Edutainment Pvt. Ltd, we note that this company is also a group company which has invested in the shares of assessee to the tune of Rs.1,40,00,000/-. According to the Ld. AR, the shares have been allotted out of the opening balance of outstanding loan given to the assessee; and drew our attention of page no. 121 of PB which shows that as on 01.04.2009, opening balance of outstanding loan from this entity is to the tune of Rs.1,40,00,000/- (refer, loan confirmation from M/s. Indigo Edutainment); and the lenders identity is proved by filing of copy of PAN details/No. AABC12949E and other documents in respect of M/s. Indigo Edutainment Pvt. Ltd. And the following documents has been filed as under: -

- (a) The confirmation of the concern for the amount outstanding against which the shares were allotted. (Page no. 121 PB)
- (b) A copy of resolution of the board of directors of the appellant company fixing the amount of premium. (Page no. 122 PB)
- (c) A copy of share application money. (Page no. 123 to 124 PB)
- (d) The share certificate issued. (Page no. 125 PB)
- (e) Balance Sheet and P & L Account (Page no. 316 to 321 PB-II)
- (f) Copy of Income Tax Return (Page no. 322 to 323 PB-II)



14. Coming to the third (3rd) entity viz M/s. Parth Tradelinks Pvt. Ltd, it is noted that this group company has invested in assessee company, share capital and the premium to the tune of Rs.1,15,00,000/-. From the documents filed, it is noted that this company has share capital of Rs.5,00,000/-, free reserves of Rs.18,03,93,608/-. Thus, according to us, it has shown creditworthiness to invest Rs.1,15,00,000/- in assessee's company. A perusal of page no. 126 of PB reveals the loan confirmation of M/s. Parth Tradelinks Pvt Ltd, which shows that loan outstanding against the assessee company [opening balance] as on 1st April, 2009 is Rs.1,08,44,315/- and other credits appearing before 29.06.2009 on which date shares have been allotted to M/s. Part Tradelinks. And the assessee has filed the following documents to prove the shares transaction which are as under: -

- (a) The confirmation of the concern for the amount outstanding against which the shares were allotted. (Page no. 126 PB)
- (b) A copy of resolution of the board of directors of the appellant company fixing the amount of premium. (Page no. 127 to 128 PB)
- (c) A copy of share application money. (Page no. 129 Pb)
- (d) The share certificate issued. (Page no. 130 PB)
- (e) Copy of balance-sheet (Page no. 350 to 351 PB-II)

15. Coming to fourth (4th) entity i.e. M/s. Database Software Technology Pvt. Ltd (a group concern), the assessee has filed following documents to prove the share allotment in lieu of outstanding loan given to assessee as under: -



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- (a) The confirmation of the concern for the amount outstanding against which the shares were allotted. (Page no. 131 PB)
- (b) A copy of resolution of the board of directors of the appellant company fixing the amount of premium. (Page no. 132 to 133 PB)
- (c) A copy of share application money. (Page no. 134 PB)
- (d) the share certificate issued. (Page no. 135 PB)
- (e) Copy of balance sheet (Page no. 352 to 353 PB-II)
- (f) Copy of P & L Account (Page no. 356 to 357 PB-II)

Further, it has been brought our notice the relevant documents pertaining to M/s. Database Software Technology Pvt. Ltd. is found placed from page no. 19 to 68 of PB. And from a perusal of the financials found placed at Page no. 352 to 343 PB-II of M/s. Database Software Technology Pvt. Ltd, it is found that it has own funds of Rs.46,10,00,000/- and has invested only Rs.1,35,00,000/-. Page no. 131 of PB reveals that loan outstanding to M/s. Database Software Technology Pvt. Ltd from assessee was to the tune of Rs.1,36,63,708/- (opening balance as on 1st April 2009 which has been converted to the share application money on 30.04.2009). Thus, we find that the shares has been allotted to M/s. Database Software Technology Pvt. Ltd out of the opening balance of loan outstanding towards it. Thus, from the documents noted supra, we find that M/s. Database Software Technology Pvt. Ltd has the creditworthiness and the shares has been allotted to it in lieu of the outstanding/opening balance of loan as on 01.04.2009. So the impugned action of Ld. CIT(A) cannot be faulted. So he has rightly ordered it to be deleted i.e, addition of Rs.1.35 cr, which action, we confirm.



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16. Coming to fifth (5th) entity i.e. M/s. Tridos Laboratories Ltd, which has given Rs.2.25 cr as shares subscription to assessee this year, the assessee has filed the following relevant documents as under: -

- (a) The confirmation of the concern for the amount outstanding against which the shares were allotted and A copy of PAN card. (Page no. 136 to 137 Pb)
- (b) A copy of resolution of the board of directors of the appellant company fixing the amount of premium. (Page no. 138 PB)
- (c) A copy of share application money. (Page no. 139 PB)
- (d) The share certificate issued. (Page no. 140 to 141 PB)
- (e) Copy of auditor report, balance sheet and cash flow statutory along with Schedule (Page no. 358 to 374 PB-II)

17. The Ld. AR submitted that the assessee received only in this relevant assessment year Rs.2.25 cr. from M/s. Tridos Laboratories Ltd share subscription money. And drew our attention to page no.136 PB which is the confirmation of accounts from M/s. Tridos Laboratories Ltd. to assessee from 01.04.2009 to 31.03.2010. The PAN of M/s. Tridos Laboratories is found placed at page no. 137 of PB; and share application form is placed at page no. 139 of PB; and the share certificate issued by assessee is found placed at page no. 140 to 141 of PB. It is noted that M/s. Tridos Laboratories have been allotted 75,000 shares on 30.11.2009 (refer page no. 140, share certificate). We further note that the share subscriber M/s. Tridos Laboratories Ltd. is a company which has share capital of Rs.60,00,800/- and free reserves of Rs.26,54,50,000/-. Thus, total of Rs.27,14,50,800/- (refer page no. 358 PB-II, balance-sheet of M/s. Tridos) and has invested only Rs.2.25



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crores in the assessee company. Therefore, its creditworthiness cannot be doubted. It is noted that the M/s. Tridos is a corporate entity and as noted has filed the PAN details as well as other documents (supra) to substantiate the identity, creditworthiness and genuineness of the share subscribers. Therefore, we uphold the action of the Ld. CIT(A) to have deleted the addition of Rs.2.25 cr made by the AO u/s 68 of the Act. Thus, we note that out of the total addition of Rs.6.5 cr, Rs.4.25 cr. was from group/sister companies of assessee and was opening balance of loan given by them to assessee, which has been converted to shares. Therefore, Rs.4.25 cr which was opening credit as on 104.2009 could not have been legally added u/s 68 of the Act; and as per the discussion (supra), all the four entities have creditworthiness to invest the amounts for shares as allotted to them. So the Ld. CIT(A) rightly deleted Rs.4.25 cr which was added by AO u/s 68 of the Act. And coming to balance Rs.2.25cr, which was invested by M/s. Tridos, we have seen that it has creditworthiness to invest the same in assessee company and has proved its identity and genuineness; therefore no addition u/s 68 of the Act was warranted and so, Ld. CIT(A) rightly deleted it. So we confirm the action of Ld. CIT(A) deleting Rs.6.5 cr .

18. Coming to ground no. 3 to 9 is concerned, we note that the AO has made the following disallowance which on appeal by assessee has been restricted/allowed by the Ld. CIT(A) as under: -

Sr. No	Nature of expenditure	Amount claimed in P & L A/c.	Amount disallowed	Decision
1	Business guest expense	16,22,615	16,22,615	50% Allowed
2	Legal & Professional expenses	5,55,000	2,77,500	Allowed
3	Electricity & Water Charges	8,46,747	4,23,374/-	Allowed
4	Printing and stationery	2,98,673	1,49,337	Allowed
5	Rent	4,80,000	2,40,000	Allowed
6	Salary	33,69,405	16,84,702	Allowed



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7	Society maintenance	1,24,383	1,24,383	Allowed
8	Telecommunication	6,60,176	3,30,088	Allowed
9	Travelling and conveyance	48,02,723	24,01,361	25% Disallowed
10	Vehicle expenses	11,01,710	5,50,855	25% disallowed
11	Vehicle insurance	1,23,092	61,546	Allowed
12	Car financial charges	1,66,867	83,433	Allowed
13	Gift & Entertainment expenses	60,200	30,100	Dismissed
	Total		79,79,294	AO to compute

19. Revenue has challenged the aforesaid action of the Ld. CIT(A) before us.

20. Coming to ground no. 3 is concerned which is against the action of the Ld. CIT(A) deleting addition of Rs.2,77,500/- being Legal & Professional Expenses claim by the assessee, we note that the assessee had claimed expense of Rs.5,55,00/- as legal and professional expenses and the AO has disallowed 50% of the same, which action of AO on appeal has been allowed by the Ld. CIT(A). We note that the AO notes that assessee did not file any evidence in support of this expense, so he disallowed 50% of the claim. And the Ld CIT(A) deleted the balance disallowance/ Rs.2,77,500/- , which action of Ld CIT(A) cannot be accepted, because Ld CIT(A) has not given any reason for doing so in the impugned order. Therefore, action of Ld CIT(A) is reversed and action of AO is sustained.

21. Coming to ground no. 4, which is against the action of the Ld. CIT(A) deleting the disallowance of Rs.4,23,374/- being Electricity & Water Charges pertaining to residential flats of Directors of the company. The assessee has claimed Electricity and Water Charges of Rs.8,46,747/- and the AO has disallowed 50% merely on adhoc basis, therefore, the Ld. CIT(A) has rightly allowed the claim of the assessee which we uphold.



22. Coming to ground no. 5 which is against the action of the Ld. CIT(A) deleting the disallowance of Rs.2,40,000/- being Rent Expenses claimed by the assessee, the AO has disallowed 50% adhoc disallowance which cannot be accepted. And the Ld. CIT(A) has rightly deleted the addition.

23. Ground no. 6 is against the action of the Ld. CIT(A) deleting the disallowance of Rs.1,24,383/- being Society Maintenance Charges in respect of residential flats of Directors of the company. The assessee claimed Rs.1,24,383/- which has been completely disallowed by the AO for want of supporting evidence. And the Ld. CIT(A) has allowed the same without giving any reasons. Therefore, we do not countenance the action of the Ld. CIT(A) and since no evidence to support the incurrance of such as expenditure was given by assessee to AO, we reverse the action of Ld. CIT(A) and restore the disallowance of Rs.1,24,383/-.

24. Ground no. 7 is against the action of the Ld. CIT(A) deleting the disallowance of Rs.3,30,088/- being Tele-communication Expenses incurred for the residence of the Directors of the company. The assessee claimed Rs.6,60,176/- on account of Tele-communication, and the AO disallowed 50%. This action of the AO cannot be accepted since it is adhoc disallowance. The Ld. CIT(A) has rightly deleted the disallowance and allowed the claim which we confirm.



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25. Ground no. 8 is against the action of the Ld. CIT(A) deleting the disallowance of Rs.24,01,361/- being Travelling & Conveyance expenses incurred in respect of journey undertaken by the Directors along with the family members. The assessee claimed Rs.48,02,723/- as Travelling and Conveyance Expenses and the AO has disallowed 50% of the claim i.e. Rs.48,02,723/-. The Ld. CIT(A) has restricted the same to 25% of the disallowance. This action of the Ld. CIT(A) has been challenged before us. We note that the AO has disallowed 50% of Rs.48,02,723/- [i.e, Rs.24,03,361/-] since no evidence has been filed to support the expenditure; and the Ld. CIT(A) without giving any reason has restricted from Rs.24,03,361/- again to 25% of the disallowance which action we cannot accept because no reason has been given for doing so. Therefore, we reverse the action of the Ld. CIT(A) and uphold the action of the AO. So disallowance of Rs.24,01,361/- is confirmed.

26. Coming to ground no. 9 which is against the action of the Ld. CIT(A) deleting the disallowance of Rs.5,50,855/- being Vehicle Expenses claimed by the assessee, we note that the assessee has claimed of Rs.11,01,710/- as Vehicle Expenses and the AO has disallowed 50% i.e. Rs.5,50,855/-. The Ld. CIT(A) has further restricted to 25%. Aggrieved, the revenue is before us.

27. We note that the AO has disallowed 50% of the expenses claimed because no evidence was filed before him. And the Ld. CIT(A) has further restricted it to 25% of the claim. And the assessee has not filed any appeal or CO against the adhoc action of the Ld.



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CIT(A). Since the Ld. CIT(A) has not given any reason for giving further relief 25% of the assessee, we reverse the action of the Ld. CIT(A) and uphold the action of the AO. So, we confirm disallowance of Rs.5,50,855/- as made by AO.

27. In the result, appeal of the revenue is partly allowed.

Order pronounced in the open court on this 26/04/2023.

Sd/-

(GAGAN GOYAL)
ACCOUNTANT MEMBER

Sd/-

(ABY T. VARKEY)
JUDICIAL MEMBER

मुंबई Mumbai; दिनांक Dated : 26/04/2023.

Vijay Pal Singh, (Sr. PS)

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुंबई / DR, ITAT, Mumbai
5. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

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