

IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'A' BENCH,
NEW DELHI

BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT, AND
SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER

ITA No. 839/DEL/2020 [A.Y. 2014-15]

M/s A.N. Traders Pvt Ltd
A-3/178. Paschim Vihar
Delhi

Vs.

The Dy. C.I.T.
Circle -1(1)
New Delhi

PAN - AABCA 1289 R

(Applicant)

(Respondent)

Assessee By : Shri Sushil Chadha, CA

Department By : Shri Kanv Bali, Sr. DR

Date of Hearing : 01.04.2024

Date of Pronouncement : 03.04.2024

ORDER

PER N.K. BILLAIYA, ACCOUNTANT MEMBER:-

This appeal by the assessee is preferred against the order of the
ld. CIT(A) - 1 New Delhi, dated 30.01.2020 pertaining to A.Y. 2014-15.

2. The solitary grievance of the assessee is that the Id. CIT(A) erred in confirming the disallowance of expenditure of Rs. 1,85,30,460/-.

3. Briefly stated, the facts of the case are that the assessee filed its Return of Income electronically on 29.10.2015 declaring total income of Rs. 1,39,21,470/-. Return was selected for scrutiny assessment through CASS and accordingly, statutory notices were issued and served upon the assessee.

4. The assessee is engaged in running restaurant business. While scrutinizing the return of income and on going through the financials of the assessee, the Assessing Officer noticed that the assessee has debited a sum of Rs. 1,85,30,460/- as Revenue expenditure on account of refunds and advances written off.

5. The Assessing Officer found that the assessee has not added back the same while computing the taxable income. The assessee was show caused to explain why this amount should not be disallowed as advances received are in the nature of capital receipts and writing off the same cannot be allowed as revenue deduction.

6. On receiving no plausible reply and no explanation, the Assessing Officer treated this amount as capital expenditure and disallowed Rs. 1,85,30,460/-.

7. The assessee carried the matter before the Id. CIT(A) but without any success.

8. While dismissing the appeal, the Id. CIT(A) also observed that the assessee has not furnished any reply and has failed to substantiate its claim of write off.

9. Before us, the Id. counsel for the assessee vehemently stated that the assessee has furnished complete details as per reply placed at pages 12 and 13 of the Paper Book. It is the say of the Id. counsel for the assessee that similar details were furnished before the Id. CIT(A) who also ignored the same.

10. The Id. counsel for the assessee claimed that the assessee had given advances to various persons on Revenue account and since the goods/services were not delivered, the assessee was left with no choice but to write off the same.

11. Per contra, the ld. DR strongly supported the findings of the lower authorities.

12. We have carefully considered the orders of the authorities below. The bone of contention is whether the assessee has furnished proper explanation with supporting evidences. Reply filed by the assessee before the Assessing Officer which is placed at pages 12 and 13 of the Paper Book is undated which means that we do not know whether what the assessee has stated was before completion of the assessment.

13. Moreover, in the reply at Para 4, though the assessee has referred to supporting documents, but we do not find any plausible reply to the query of the Assessing Officer. Even in the remand report dated 26.09.2019 which is placed at pages 94 to 97, the Assessing Officer has referred to only three documents and reported as under:

"It is clear from the above that the reasons mentioned in submission before you are vague and unsubstantiated. Further, the period within which the amount has been written off is short and it appears to be a suspicion transaction as it appears no efforts have been by the assessee to either settle the dispute or take corrective measures."

14. Considering the facts in totality, in light of documentary evidences referred to hereinabove, we do not find any reason to interfere with the findings of the Id. CIT(A) /Assessing Officer.

15. In the result, the appeal of the assessee in ITA No. 839/DEL/2020 is dismissed.

The order is pronounced in the open court on 03.04.2024.

Sd/-

**[SAKTIJIT DEY]
VICE PRESIDENT**

Sd/-

**[N.K. BILLAIYA]
ACCOUNTANT MEMBER**

Dated: 03rd APRIL, 2024.

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,
ITAT, New Delhi

Date of dictation	
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr.PS/PS	
Date on which the final order is uploaded on the website of ITAT	
Date on which the file goes to the Bench Clerk	
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
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