

आयकर अपीलीय अधिकरण, 'A' न्यायपीठ, चेन्नई  
IN THE INCOME-TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI  
श्री एस.एस. विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री एस.आर. रगुनाथा, लेखा सदस्य के समक्ष  
Before Shri S.S. Viswanethra Ravi, Judicial Member &  
Shri S.R. Raghunatha, Accountant Member

आयकर अपील सं./I.T.A. No. 3029/Chny/2024  
निर्धारण वर्ष/Assessment Year: 2021-22

The Assistant Commissioner of  
Income Tax,  
Central Circle 2,  
Madurai.

Vs. V V Marine Products,  
No. 17C, Keeraikaran Thattu,  
Tisayanvillai, Tirunelveli 627 657.

[PAN:AALFV2122R]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by  
प्रत्यर्थी की ओर से/Respondent by

: Ms. E. Pavuna Sundari, CIT  
Shri R. Venkata Raman, C.A.,  
: Shri R.S. Lakshmi Narayana, Advocate  
& Shri K. Vishwa Padmanaban, CA

सुनवाई की तारीख/ Date of hearing : 07.05.2025  
घोषणा की तारीख /Date of Pronouncement : 29.05.2025

**आदेश / O R D E R**

**PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:**

This appeal filed by the Revenue is directed against the order dated 30.09.2024 passed by the Id. Commissioner of Income Tax (Appeals) 19, Chennai for the assessment year 2021-22.

2. The Appellant-Revenue raised 6 grounds of appeal, amongst which, the only issue emanates for our consideration as to whether the Id. CIT(A) is justified in deleting the addition made by the Assessing Officer on account of claim of sales promotion expenses.

3. Brief facts relating to the case are that the assessee is a firm engaged in the business of exporting marine products. The Assessing Officer, vide para 3.1 of the assessment order discussed the issue of sales promotion expenses; wherein, he asked the assessee to furnish details vide notice under section 142(1) of the Act. The assessee filed reply. The Assessing officer observed that no documentary proof was furnished for the nature of service received and the copy of agreement entered upon. In the absence of aforesaid evidences, the claim made by the assessee under the head "sales promotion commission" was disallowed under section 37 of the Act. The Id. CIT(A) deleted the addition by placing reliance on the decision of the Hon'ble High Court of Karnataka in the case of PCIT v. Hindustan Coca-Cola Beverages Pvt. Ltd. [2020] 424 ITR 430 and the orders of Delhi and Mumbai benches of the Tribunal. Aggrieved by the order of the Id. CIT(A), the Appellant-Revenue is in appeal before the Tribunal.

4. The Id. DR Ms. E. Pavuna Sundari, CIT submits that no details were furnished before the Assessing Officer during the course of assessment proceedings and drew our attention to page 9 of the impugned order and argued that the assessee filed such details before the Id. CIT(A) for the first time and there was no occasion to the

Assessing Officer for verification of the same. Further, the Id. CIT(A) did not conduct any enquiry and simply accepted the submissions of the assessee in giving relief and deleting the addition made by the Assessing Officer. The Id. DR vehemently argued that the order of the Id. CIT(A) is bad in law for not giving opportunity to the Assessing Officer and drew our attention to ground No. 5 of the appeal memo Form 36.

5. The Id. AR Shri R. Venkata Raman, CA submits that all the details were furnished before the Assessing Officer and drew our attention to para 3 of the assessment order. He submits that the assessee furnished all the details on 05.12.2022 and 12.12.2022 and argued that the contention raised by the Id. DR, with reference to non-submission of details before the Assessing Officer, is incorrect. He referred to page 8 of the paper book, submits that the assessee furnished all the details through e-mail, in compliance against notice under section 142(1) of the Act. Further, he referred to pages 9 & 10 and submits that the assessee furnished all the details in respect of sales promotion expenses in Annexures. Further, referring pages 11 & 12 of the paper book and submits that the assessee furnished all the details in respect of purchases, sales, salary & wages, ship freight, bank address and sales promotion commission in PDF form. He argued that every detail available

before the Assessing Officer, but, it was not considered by the Assessing Officer. He strongly relied on the order of the Id. CIT(A). He drew our attention to debit note and bank statement at pages 13 & 14 of the paper book and argued that the payments of commission is clearly established. Further, referring to page 15 of the paper book, submits, clearly showing export details and commission thereof. He prayed to dismiss the grounds raised by the Revenue.

6. Heard both the parties, perused the material available on record. Admittedly, the Assessing Officer held that no documentary evidence in respect of sales promotion payment and also copy of agreement entered into in support of the claim, but, however, in para 3, as referred by the Id. AR, clearly shows that the assessee has given reply vide letter dated 05.12.2022 and 12.12.2022 in response to the question sought for in notice under section 142(1) of the Act. We find, at page 8 of the paper book refers to acknowledgement from ITBA portal regarding e-proceeding response acknowledgement, which clearly shows that the assessee submitted covering letter dated 05.12.2022 along with Annexures. Further, it shows in the "Remarks" column that the details were sent through e-mail as they are voluminous in nature. Further, page 9 of the paper book is a covering letter dated 05.12.2022, which also establishes

the details regarding sales promotion expenses were furnished in Annexure-7. Further, page 11 is an e-mail correspondence shows the details furnished as an attachment, wherein the sales promotion commission expenses is clearly evident in pdf format and also other details like purchases, sales, salary & wages, ship freight, bank address, etc. Further, page 12 of the paper book is a ledger account of sales promotion commission in the hands of the assessee, which clearly states foreign overseas commission to an extent of ₹.3,49,94,562/-. Page Nos. 13 & 14 clearly shows the debit note of bifurcating against the invoices of the assessee. It is also clearly mentioned that the said commission payment may be made to the beneficiary account, which clearly shows in page 14 of the paper book. Further at page 15 of the paper book, it is observed that the commission payment made is reflecting in ICES system, which is an exporter copy in the name of the assessee. Therefore, we find that the observation of the Assessing Officer is not correct in stating that no details were furnished during assessment proceedings. The Id. CIT(A) accepted the submissions of the assessee and found satisfied with every details furnished by the assessee in compliance to notice under section 142(1) of the Act in respect of sales promotion expenses of ₹.3,38,96,612/- and ₹.24,53,997/- towards foreign tracking and custom duty expenses. The Id. DR did not bring on record

anything contrary to the finding of the Id. CIT(A). Thus, the reasons recorded by the Id. CIT(A) in para 6.6 to 6.15 of the impugned order is justified in deleting the additions made on account of sales promotion expenses and foreign tracking and custom duty expenses. Accordingly, the grounds raised by the Appellant-Revenue are dismissed.

7. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced on 29<sup>th</sup> May, 2025 at Chennai.

Sd/-  
(S.R. RAGHUNATHA)  
ACCOUNTANT MEMBER

Sd/-  
(S.S. VISWANETHRA RAVI)  
JUDICIAL MEMBER

Chennai, Dated, 29.05.2025

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant,
2. प्रत्यर्थी/ Respondent,
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR &
5. गार्ड फाईल/GF.