



आयकरअपीलीयअधिकरण,राजकोटन्यायपीठ,राजकोट।  
**IN THE INCOMETAXAPPELLATE TRIBUNAL,  
RAJKOT BENCH: RAJKOT**

**BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER And  
SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER**

आयकरअपीलसं./ITA No. 171/RJT/2025  
(निर्धारणवर्ष/Assessment Year: (2015-16))

Harishkumar Mathuradas Barai V.M.Barai & Co. Okha Highway, Varavala, Dwarka-361335	बनाम /Vs.	Income Tax Officer, Ward-1(4), Income Tax Office, Nr. Ambica Cinema, Hospital Road, Jamnagar – 361335
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: <b>ABTPB3824D</b>		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

निर्धारितकीओरसे/Appellant by :Shri Chetan Agarwal, AR  
राजस्वकीओरसे/Respondent by : Shri Abhimanyu Singh Yadav, Sr. D.R.

सुनवाईकीतारीख/Date of Hearing : 13/08/2025  
घोषणाकीतारीख/Date of Pronouncement : 18/08/2025

**आदेश /ORDER**

**Per, Dr. Arjun Lal Saini, Accountant Member:**

Captioned appeal filed by the assessee, pertaining to Assessment Year (AY) 2015-16, is directed against the order under section 250 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) passed by the National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income Tax(Appeals)(in short “Ld.CIT(A)”,dated 06.02.2025, which in turn arises out of an assessment order passed by the National Faceless Assessment Centre, Delhi/Assessing Officer u/s 147 of the Act, on 29.07.2021.

2. The grounds of appeal raised by the assessee are as follows:



*“1. The LdCIT(A) erred in law as well as on facts in upholding an addition of Rs.6,00,000/-, made by Ld.AO u/s 40A(3) of the Act.”*

3. When this appeal was called out for hearing, the Ld. Counsel for the assessee has invited our attention to the order dated 18.09.2024 passed by the Co-ordinate Bench of this Tribunal in assessee’s group case in ITA No.390/RJT/2023, Parsottam Madhavji Bhanusali, for A.Y. 2015-16 whereby based on the similar and identical facts, the addition made by the Assessing Officer u/s 40A(3) of the Act, was deleted by the co-ordinate Bench of this Tribunal and adjudicated the issue in favour of assessee. The Ld. Counsel for the assessee submitted that the present appeal is also squarely covered by the above judgment and copy of which was also placed before the Bench.

4. On the other hand, ld. Senior DR of the Revenue relied upon the orders of lower authorities.

5. We see no reason to take any other view of the matter than the view so taken by this co-ordinate Bench of this Tribunal in assessee’s group case in Parsottam Madhavji Bhanusali vs. ITO (supra). In this order, the Tribunal *inter alia* observed as follows:

*“8. We have heard both the parties and carefully gone through the submissions put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the facts of the case including the findings of the ld. CIT(A) and other material brought on record. We find merit in the submissions of ld. Counsel, to the effect that each purchase bill is below Rs.20,000/-, however, assessee has consolidated 7 to 10 bills of various customers, and entered in the books of accounts, therefore the consolidated amount is getting reflected, which is more than Rs.20,000/- although, each bill, of each customer, is below Rs.20,000/- which is, within the permissible limit of the provisions of section 40A(3) of the Act. We have gone through each bill of each customer in the paper book filed by the assessee, (vide paper book pages 26 to 269) and noted that none of the bill amount exceeds Rs.20,000/- therefore, we find that all payments were made by the assessee, within the permissible limit of the provisions of section 40A(3) of the Act, hence, based on this factual position, addition made by the assessing officer needs to be deleted.*



9. Therefore, we note that payment was made in aggregate, against the various payments to be made, in respect of various bills, generated by the party, namely, V. M. Barai for the assessee, as well as, in respect of other parties. The assessee had also submitted a statement of V. M. Barai, for the payments made for diesel, against the various bills. The provisions of section 40A(3) of the Act, states the limit in respect of each payment to single person on same day and not for aggregate payments for different bills, on same day. It is to be noted that the provisions of section 40A(3) of the Act, comes into play where the payment or the aggregate of payments made to a single person, on a single day, against single bill exceeds Rs.20,000/- then the disallowance of such expenditure will be covered by section 40A(3) of the Act. Thus for disallowance u/s 40A(3) of the Act, the amount of the bill raised and the payment or payment(s) made to the person, on a single day, both must exceed Rs.20,000/-. If a person makes payment of two different bills of different date, (none of them exceeds Rs.20,000) at the same time, to the same person in cash, provisions of section 40A(3) of the Act, is not attracted. Thus, we note that disallowance u/s 40A(3) of the Act, is applicable for each payment and not for the aggregate of the various payments, pertaining to different dates. After going through the paper book submitted by the assessee, under consideration, we find that none of the payment, exceeds Rs. 20,000/- therefore, addition made by the assessing officer is not tenable in the eye of law. Hence, we are not inclined to accept the contention of the Assessing Officer in any manner and hence the addition so made is deleted. Hence this ground of the assessee is allowed.”

6. As the issue is squarely covered in favour of assessee, by the decision of this co-ordinate Bench, in assessee’s group case (supra) and there is no change in facts and law and the Ld.Sr-DR for the Revenue is unable to produce any material to controvert the above judgment of this Tribunal. Therefore, respectfully following the binding precedent of the Co-ordinate Bench of this Tribunal (supra), we delete the addition.

7. In the result, appeal of the assessee is allowed.

**Order is pronounced on 18/08/2025 in the Open Court.**

**Sd/-**  
**(DINESH MOHAN SINHA)**  
न्यायिकसदस्य/Judicial Member  
राजकोट/Rajkot

**Sd/-**  
**(DR. ARJUN LAL SAINI)**  
लेखासदस्य/ Accountant Member



दिनांक/ Date: 18 /08/2025

*DKP Outsourcing Sr.P.S*

Copy of the order forwarded to :

- अपीलार्थी/ The Appellant
- प्रत्यर्थी/ The Respondent
- आयकरआयुक्त/ CIT
- आयकरआयुक्त(अपील)/ The CIT(A)
- विभागीयप्रतिनिधि, आयकरअपीलीयआधिकरण, राजकोट/ DR, ITAT, RAJKOT
- गार्डफाईल/ Guard File

By order/आदेश से,

सहायक पंजीकार  
आयकर अपीलीय अधिकरण, राजकोट