

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "SMC": NEW DELHI
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 4036/Del/2025
(Assessment Year: 2018-19)

Nitesh Kumar Jakhar, MOhalla Chamar, Mohoriya, Village, Chandhat(172), Palwal, Haryana	Vs.	Assessment Unit, Income Tax Department, Delhi
PAN: ANIPJ2987F		

Assessee by :	None
Revenue by:	Shri Manoj Kumar, Sr. DR
Date of Hearing	12/08/2025
Date of pronouncement	27/08/2025

ORDER

1. The appeal in ITA No.4036/Del/2025 for AY 2018-19 arises out of the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] in Appeal No. ITBA/NFAC/S/250/2025-26/1075881805(1) dated 29.04.2025 against the order of assessment passed u/s 144/147 of the Income-tax Act, 1961 dated 25.03.2023 (hereinafter referred to as 'the Act') by NFAC, Delhi (hereinafter referred to as 'Id. AO').

2. None appeared on behalf of the assessee and hence I proceed to dispose of this appeal on hearing the Id DR and based on the materials available on record.

3. The assessee has raised the following grounds of appeal:-

"1. That on the facts and circumstances of the case and in law, the Ld. CIT(A) has erred in upholding partial disallowance (50%) of business expenses of 12,14,284 incurred wholly and exclusively for the purpose of business, despite submission of all supporting documents.

2. That the Ld. CIT(A) failed to appreciate that the expenses were backed by affidavits, ledgers, vouchers, salary payment confirmations, and professional bills, and no adverse findings or discrepancies were recorded by the AO or CIT(A).

3. That the disallowance of 50% is arbitrary and excessive, and without recording any defect or contradiction in the supporting evidences produced during assessment and appellate proceedings.

4. That the entire expenses claimed are allowable under section 37(1) of the Act, having been incurred in the ordinary course of the appellant's business.

5. That the order of the CIT(A) is bad in law and liable to be reversed to the extent of upholding the partial disallowance of expenses.

6. That the appellant reserves the right to amend, alter, or withdraw any ground at the time of hearing."

4. The only issue to be decided in this appeal is as to whether the Id CITA was justified in sustaining 50% of disallowance of expenses in the facts and circumstances of the instant case.

5. I have heard the rival submissions and perused the material available on record. The assessee is a commission agent and deriving income from M/s. Future Maker Life Care Pvt. Ltd and received his income from incidental activities and commission income. The return of income for assessment year 2018–19 was filed declaring total income of ₹6,32,059/-. The case of the assessee was sought to be reopened on the ground that commission income of ₹25,38,144 has escaped assessment. Accordingly notice u/s 148 of the Act stood issued to the assessee on 31.03.2022. The assessee furnished entire modus operandi of his activities carried out together with the computation of total income, copy of bank statement of all the bank accounts, explaining the nature of each debit and credit entry thereon. The assessee also submitted that the commission income earned from M/s. Future Maker Life Care Pvt. Ltd by him had been duly subjected to deduction of tax at source (TDS) and also enclosed Form 26AS thereon. The assessee also furnished the trading and profit and loss account

together with the balance sheet. The Id AO noticed that information was received as available in ITBA system revealed that assessee had received commission income of ₹25,38,144/- for which purpose the reopening was done. Since, the assessee has shown only Rs. 18,72,000/- (as commission income in the return) , income of Rs. 6,66,144/- (Rs. 25,38,144/-Rs.18,72,000/-) was added as undisclosed commission income. Apart from this, the Id AO proceeded to make disallowance of business expenses of ₹12,14,284/- and addition of agricultural income of ₹70,000. Since, no response was made by the assessee to various notices issued , it culminated in framing the assessment u/s 147 read with Section 144, r.w.s. 144B of the Act dated 25.05.2023.

6. The Id CIT(A) found that assessee had furnished the copy of original ITR filed on 14.07.2018, copy of computation of income, copy of profit and loss account and balance sheet, copy of Form 26AS showing the commission income received, copy of ledger account of M/s. Future Maker Life Care Pvt. Ltd together with the copy of bank statement where the commission income has been credited after TDS. On perusal of all these documents, the Id CIT(A) concluded that assessee had indeed received commission income from M/s. Future Maker Life Care Pvt. Ltd only to the extent of Rs. 18.72 lacs and deleted the addition of Rs. 6,66,144/-.

7. The Id CIT(A) also deleted the addition of ₹70,000/- made on account of agricultural income. With regard to disallowance of business expenses of ₹12,14,284/-, the Id CIT(A) noted that assessee had submitted ledger copies, vouchers, bills, salary payments details, together with the signed affidavit of employees confirming the receipt of salaries, bills raised towards professional services, etc. Despite all these documents, the Id CIT(A) proceeded to restrict the disallowance to 50% and deleted balance 50%. I find that head-wise business expenses incurred by the assessee are as under:-

PARTICULARS	AMOUNT
Power & Fuel	149020
Salary ¹ & Wages	646786
Commission	21345
Business Promotion	25387
Professional Charges	32700
Printing & Stationery	12675
Accounting Charges	28600
Conveyance	153990
Bank Charges	4376
Telephone expenses	16470
Staff Welfare	12300
Repair & maint.	18976
General exp.	8970
Total	1214284

8. After claiming all the aforesaid expenses, the assessee declared net profit of 33% from its business. The Id CIT(A) also admits that that these expenses are incurred for the purpose of business, which fact is evident from 50% relief being granted by him. It is pertinent to note that the books of account of the assessee were not rejected by the revenue u/s 145(3) of the Act. The assessee on its part had furnished all the relevant details. I hold that no business expenditure could be disallowed in the facts and circumstances of the instant case. Accordingly, grounds raised by the assessee are allowed.

9. In the result the appeal of the assessee is allowed.

Order pronounced in the open court on 27/08/2025.

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 27/08/2025
A K Keot

Copy forwarded to

1. Applicant
2. Respondent

3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi