

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN BENCH**

**BEFORE SHRI INTURI RAMA RAO, AM  
AND SHRI SONJOY SARMA, JM**

**ITA No. 309/Coch/2025  
Assessment Year: 2010-11**

MPG Hotels and Infrastructure ..... Appellant  
Ventures Pvt. Ltd.  
Muthoot Centre, Punen Road, Thiruvananthapuram  
[PAN: AAECM1840M]

vs.

DCIT, Central Circle, Thiruvananthapuram ..... Respondent

Appellant by: Shri Rajeev, CA  
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 05.06.2025  
Date of Pronouncement: 31.07.2025

**ORDER**

**Per: Inturi Rama Rao, AM**

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals)-3, Kochi [CIT(A)] dated 27.02.2025 for Assessment Year (AY) 2010-11.

2. Brief facts of the case are that the appellant is a company incorporated under the provisions of Companies Act, 1956. It is engaged in the business of flight catering services. The return of income for AY 2010-11 was filed by the appellant. Against the said return of income, the assessment was completed by the DCIT, Central Circle, Thiruvananthapuram (hereinafter called "the

AO")vide order dated 16.01.2013 by making addition of Rs. 93,66,879/- u/s. 14A of the Act and disallowance of capital expenditure of Rs. 2,50,000/-. Subsequent to the completion of the assessment order consequent upon search and seizure operations conducted in the case of M/s. Artech Group on 21.11.2013 certain incriminating material in relation to the assessee was found. Accordingly, notice u/s. 153C of the Act was issued to the appellant on 12.03.2015. In response to the notice iss 153C the appellant filed the return of income declaring loss of Rs. 30,47,680/- Against the said return of income assessment was completed by the AO vide order dated 30.03.2016 passed u/s. 143(3) r.w.s. 153C of the Act accepting the returned income. Subsequently, the AO had issued notice u/s. 154 of the Act on 05.02.2020 proposing to rectify the following: -

- a) Disallowance u/s. 14A and disallowance u/s. 37 omitted to be made in the assessment u/s. 153C r.w.s. 143(3) of the IT Act, even though the same was disallowed in the original assessment u/s. 143(3).
  - b) The assessee debited Rs. 2,42,80,308/- as administration charges reimbursed to M/s. Muthoot Pappachan Consultancy & Management Services (MPCMS) out of which TDS (u/s. 194J) was deducted only from Rs. 3,30,000/- (fee for professional services). Such payments made to MPCMS was omitted to be disallowed u/s. 40(a)(ia) even though TDS was not deducted on the same.
3. In response to the notice u/s. 154 and appellant submitted a detailed explanation stating that the issue sought to be rectified to make addition u/s. 14A is not correct as the CIT(A) in the order

granted relief to the assessee. As regards the proposal to disallow the payment made to MPCMS, it is submitted that in view of the decision of the Hon'ble Kerala High Court in the case of Muthoot Fincorp Ltd. v. CIT in ITA No. 294 of 2013 the question of disallowance does not arise. However, the AO had made addition of Rs. 8,27,449/- u/s. 14A based on the outcome of the order of the CIT(A). As regards to the disallowance of Rs. 2,42,80,308/- the CIT(A) confirmed the addition by holding that the decision of Hon'ble High Court in the case of Muthoot Fincorp Ltd. (supra) is not to the effect that no TDS is required to be made.

4. Being aggrieved by the order u/s. 154 of the Act the appeal was filed before the CIT(A), who vide the impugned order confirmed the action of the AO by holding that the payment made to MPCMS is not in the nature of reimbursement of expenditure but payment made pursuant to contract.

5. Being aggrieved, the appellant is in appeal before this Tribunal in the present appeal.

6. The learned counsel for the assessee submitted that the payment made to MPCMS are merely reimbursement of expenditure and, therefore, no TDS is required to be made placing reliance on the following decisions: -

- i. Premier Marine Foods [2017] 82 taxmann.com 116 (Cochin Tribunal)

- ii. CRISIL Ltd. v. ACIT [2025] 172 taxmann.com 614 (Mumbai Tribunal)
- iii. Dhaanya Seeds (P.) Ltd. [2014] 42 taxmann.com 277 (Bangalore Tribunal)
- iv. Pr. CIT v. Consumer Marketing (India) (P.) Ltd. [2015] 64 taxman.com 16 (Gujart)

7. On the other hand, the learned Sr. DR supported the orders of the learned lower authorities.

8. We have heard the rival contentions and perused the material available on record. The issue in the present appeal is whether there is obligation to deduction tax at source on payments made to MPCMS. It is the contention of the appellant that the payments made by the appellant to MPCMS are in the nature of reimbursement of expenditure. The appellant had not adduced any evidence in support of this contention. No relief can be granted merely based on the bald submissions made by the appellant. Therefore, we do not find any merit in the appeal filed by the assessee.

9. In the result, the appeal filed by the assessee stands dismissed.

Order pronounced in the open court on 31<sup>st</sup> July, 2025.

Sd/-  
**(SONJOY SARMA)**  
**JUDICIAL MEMBER**

Sd/-  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Cochin, Dated: 31<sup>st</sup> July, 2025

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Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar  
ITAT, Cochin