

**IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
Ms SUCHITRA KAMBLE, JUDICIAL MEMBER**

I.T.A. No.370/Ahd/2025
(Assessment Year: 2018-19)

Aditi Steels, 6, Takhtasinhi Dharamshala Building, Near Kapol Niwas, Station Road, Bhavnagar-364001. [PAN :AARFA1191 M]	Vs.	The Deputy Commissioner of Income Tax, Circle-1, Bhavnagar.
(Appellant)	..	(Respondent)

Appellant by :	Shri D.K Parikh, AR
Respondent by:	Shri Sudhakar Verma, Sr.DR
Date of Hearing	07.10.2025
Date of Pronouncement	10.10.2025

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

The captioned appeal has been filed by the assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre, Delhi, vide order dated 13.12.2024 relevant to the Assessment Year 2018-19.

2. The assessee has raised the following grounds of appeal:

1. *The Ld.CIT(A) erred in law and in fact by confirming the disallowance of expenses by ld. AO as under:*

- 2-

- i. *Wrong booking in accounts, treated as bogus purchase
Rs.88,092/-*
- ii. *Adhoc disallowance @ 20% of total salary expenses
Rs.3,74,980/-*
- iii. *Adhoc disallowance @25% of Car expense are related
expenses Rs.98,528/-*

3. The brief facts of the case are that the assessee is a company engaged in the business of scrap dealing. The assessee e-filed its return of income on 28.09.2018 declaring a total income of Rs.10,08,430/- vide acknowledgment number 311908021280918. The return was processed under section 143(1) of the Income Tax Act, 1961 on 15.05.2019. The case was selected for limited scrutiny through "CASS" for the reason "Income from Scrap". Statutory notice under section 143(2) dated 22.09.2019 was issued to the assessee through the ITBA portal, to which the assessee filed a reply. However, the assessee failed to submit sufficient documentary evidence to substantiate its claims. Consequently, the Assessing Officer treated the impugned purchase as unexplained and made the additions as detailed in the assessment order.

4. Aggrieved against the Assessment Order, the assessee filed appeal before the Ld. CIT(A), who dismissed the appeal of the assessee on merits as not maintainable.

5. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

6. We have perused the material available on record and considered the submissions of the Ld. Counsel. It is observed that the

- 3-

assessee has explained that certain repair bills were wrongly shown under purchases and that the same have been duly reconciled before the Assessing Officer. Therefore, no addition is warranted on this account. With regard to the disallowance of adhoc expenses @ 20% on salary and 25% on car, we find that no adhoc disallowance can be made on salary which has already been paid to the employees. Further, in respect of car expenses, it was submitted that the vehicles have been exclusively used for business purposes, as the Directors have their own personal cars. In the absence of contrary evidence, no disallowance is called for on this account.

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

The order is pronounced in the open Court on 10.10.2025.

**Sd/-
(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

**Sd/-
(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

(True Copy)
Ahmedabad; Dated 10.10.2025
MV

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार / BY ORDER,

**सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad**