

**IN THE INCOME TAX APPELLATE TRIBUNAL "D" BENCH, KOLKATA**

**BEFORE SHRI RAJESH KUMAR, AM  
AND  
SHRI PRADIP KUMAR CHOUBEY, JM**

**ITA No. 2182/KOL/2025  
(Assessment Year:2018-19)**

**Singh Construction  
Corporation**  
Nachan Rad, Bhiringee,  
Durgapur, Burdwan,  
Kolkata 713213  
West Bengal  
**(Appellant)**

**Vs.**

**DCIT, Central Circle-2**  
Aaykar Bhawan, Aayakar Bithi  
City Centre, City Centre,  
Durgapur, West Bengal  
PIN-713216

**(Respondent)**

**PAN No. ABJFS8820N**

**Assessee by** : S/shri Manoj Kataruka &  
Siddharth Ray, ARs  
**Revenue by** : Shri S.B. Chakraborty, DR

**Date of hearing:** 04.12.2025  
**Date of pronouncement:** 18.12.2025

**ORDER**

**Per Rajesh Kumar, AM:**

This is an appeal preferred by the assessee against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 26.06.2025 for the AY 2018-19.

2. The only issue raised in ground no.1, is against the order of Id. CIT (A) confirming the addition made by the Id. AO of ₹54,37,571/- u/s 69C of the Act on account of bogus expenditure in respect of payment to M/s Bhagwati Mechanical Services, which is contrary to material/evidences on record and thus, bad in law.

2.1. The facts in brief are that the case of the assessee was selected for limited scrutiny for verification of genuineness of expenses (large payment made u/s 194C) to the persons who had not filed the return of income. Accordingly, notice u/s 143(2) and 142(1) of the Act, along with questionnaire were issued to the assessee which was replied by the assessee by submitting that bills and vouchers along with confirmations from persons to whom the payments were made u/s 194C of the Act. The assessee also submitted that during the year the payment of ₹54,37,571/- was made to M/s Bhagwati Mechanical Services with PAN No.ARBPA5341E on account of sub contract charges after deducting tax at source u/s 194C of the Act, which was also deposited in the government exchequer. According to the Id. AO, the assessee has not furnished any supporting bills and confirmation of services provided, nature of services and therefore, payment made to the said party remained unverified and the genuineness of the same could not be verified. The main reason for doubting the payments was non-filing of return by the recipient and finally, the Id. AO treated the payment made to the said party as bogus and added the same u/s 69C of the Act as bogus expenditure.

2.2. In the appellate proceedings, the Id. CIT (A) dismissed the appeal of the assessee on this issue by holding that there was failure of the assessee to establish the identity of the recipient and further failure of the recipient of payment to file the return of income making the claim unverifiable and thus, justified the addition made by the Id. Assessing Officer

2.3. After hearing the rival contentions and perusing the materials available on record, we find that the assessee is a contractor and has

engaged several sub-contractors including M/s Bhagwati Mechanical Services and made the payment for the sub-contract, after deduction of addition at source u/s 194C of the Act, which is duly deposited in the government reassurance. The assessee furnished before us the detail of persons/ contractors to whom the contractual payments u/s 194C of the Act were made which is available at page no.11 of the paper book. We find that in all, the assessee was made payment to 24 sub-contractors, aggregating to ₹1,55,27,220/- on which TDS of ₹1,74,082/- was deducted u/s 194C and deposited in Govt treasury. We note that similarly the assessee made payment in A.Y. 2016-17 and in the subsequent assessment year 2019-20. We note that the impugned sub-contractor in question is appearing in page no.11 of the Paper Book at serial no.5 which comparatively summaries the payments to sub-contractors for three assessment years. We observe from the said statement that the assessee has been making payment to the said party in the normal course and it is not a solitary case i.e , the preceding assessment year as well as in the succeeding assessment year besides, the current assessment year. We also note that the assessee has filed the TDS return with the department giving all particulars of the sub-contractors to whom the payments were made. We have also examined the copies of account of M/s Bhagwati Mechanical Services to whom the advances were paid on regular basis during the year and against that the contractor had submitted the bills which were duly accounted for by the assessee and examined by us. The assessee also furnished before the Id. AO the details of the recipient such as name, address, PAN No etc. We also note that the assessee has addressed various correspondences to the recipient i.e. M/s Bhagwati Mechanical Services pointing out that you have not filed

the return of income resulting into the payment made as sub-contract charges being added in the hands of the assessee as bogus expenses. Under these circumstances, we are of the view that the payment made to the said party cannot be treated as bogus especially when the assessee has furnished all the details before the authorities below merely on the ground that party has not filed the return of income. Under these circumstances, we are inclined to set aside the order of Id. CIT (A) on this issue and direct the Id. AO to delete the addition.

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

Order pronounced in the open court on 18.12.2025.

Sd/-  
(PRADIP KUMAR CHOUBEY)  
(JUDICIAL MEMBER)

Sd/-  
(RAJESH KUMAR)  
(ACCOUNTANT MEMBER)

Kolkata, Dated: 18.12.2025

*Sudip Sarkar, Sr.PS*

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar  
Income Tax Appellate Tribunal, Kolkata