

IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'A' : NEW DELHI)

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT
AND
SMT. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER

ITA No. 6273/Del/2025
Asstt. Year : 2021-22

DELHI GUJARAT FLEET CARRIERS PRIVATE LIMITED, H.NO. 1/34, SHIVAJI NAGAR, GURGAON (PAN: AACCD6847K) (Appellant)	VS.	DCIT, CIRCLE 1(1), AAYAKAR BHAWAN, UDYOG VIHAR, PHASE-V, GURGAON (Respondent)
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Appellant by : Ms. Kavita Gupta, CA
Respondent by : Sh. Ajay Kumar Arora, Sr. DR

Date of Hearing	12.01.2026
Date of Pronouncement	12.01.2026

ORDER

PER MAHAVIR SINGH, VP:

This appeal by the assessee is arising from the order of the NFAC, Delhi in appeal No. NFAC/2020-21/10204403 dated 6.8.2025. Assessment was framed by the AO u/s. 143(3) r.w.s. 144B of the Income Tax Act, 1961 dated 23.12.2022 relating to assessment year 2021-22 on the following grounds:-

1. The order of the CIT(A) dated 6.8.2025 is bad in law and against the principle of natural justice.
2. The CIT(A) has appreciated the fact that addition made under four heads of expenses is principally wrong and against the principle of natural justice and without rejecting the books of account of the appellant. The CIT(A) agreed with the contention of the appellant and instead of accepting the appeal reduced the disallowance of expenses from 100 percentage to 25 percentage, which is without any reason and simply an estimation.

3. The CIT(A) has partly reduced the adhoc addition of expenses from 100 percentage to 25 percentage. As these expenses are bound to be incur incur to run the business, which are (a) Misc. / General Exp. Rs. 68,96,665/- (b) Business Promotion Exp. Rs. 21,32,741/- (c) Repair and Maintenance other Rs. 19,52,848/- (d) vehicle running expenses Rs. 53,76,793/-.
4. The CIT(A) has not appreciated the fact that without rejecting the books of account by AO, the addition made on adhoc basis which is contrary to the fact of the case. The force is drawn from various decision of Hon'ble Supreme Court of India and different Hon'ble High Courts and ITAT. Hence, the addition made upto 25 percentage of expenses by CIT(A) is bad in law and the needs to be deleted as all the above expenses are genuine and need to run the business activity.

2. Brief facts of the case are that the assessee is a company and filed its income tax return for AY 2021-22 on 10.3.2022, declaring a total income of Rs. 15,92,08,490/- and claiming a refund of Rs. 3,40,35,820/-. The case was selected for 'Complete Scrutiny' due to high receipts under section 194C and low net profit. A notice under section 143(2) was issued on 28.6.2022, followed by a notice under section 142(1) with a questionnaire on 28.6.2022, followed by a notice under section 142(1) with a questionnaire on 03.11.2022. The assessee initially failed to comply, prompting a reminder letter on 18.11.2022. Though granted an extension, the assessee provided only a partial response on 28.11.2022. A show cause notice was issued on 7.12.2022. While section 194C receipts were accepted after verification with payees, the assessee failed to provide detailed breakdowns, explanations, TDS compliance, and ledger folios for specific expenses totaling Rs. 1,62,01,239/- (Miscellaneous / General, Business Promotion, Repair and Maintenance – others, vehicle running expenses). Despite being asked multiple times, including in response to the show cause notice, only an unstamped, un-GSTIN-bearing typewritten list was submitted. Consequently, these expenses were disallowed and added back to the income of the assessee company. Subsequently, the assessment was completed under section 143(3) read with section 144B, assessing total income at Rs. 17,72,53,922/-. Further, penalty proceedings under

section 270A for under-reporting of income were initiated separately. Against the action of the AO, the assessee preferred appeal before the Ld. CIT(A), who vide his impugned order dated 06.08.2025 has disallowed 25% of the disputed expenses by partly allowing the appeal of the assessee. Aggrieved, assessee is in appeal before us.

3. Before us, Ld. Counsel for the assessee stated that Ld. CIT(A) has appreciated the fact that addition made under four heads of expenses is principally wrong and against the principle of natural justice and without rejecting the books of account of the assessee. He submitted that Ld. CIT(A) agreed with the contention of the assessee and instead of accepting the appeal reduced the disallowance of expenses from 100 percentage to 25 percentage, which is without any reason and simply an estimation. He further submitted that Ld. CIT(A) has partly reduced the adhoc addition of expenses from 100 percentage to 25 percentage. As these expenses are bound to be incurred to run the business, which are (a) Misc. / General Exp. Rs. 68,96,665/- (b) Business Promotion Exp. Rs. 21,32,741/- (c) Repair and Maintenance other Rs. 19,52,848/- (d) vehicle running expenses Rs. 53,76,793/-. He further submitted that Ld. CIT(A) has not appreciated the fact that without rejecting the books of account by AO, the addition made on adhoc basis which is contrary to the fact of the case. He further submitted that in view of the above, the addition made upto 25 percentage of expenses by CIT(A) is bad in law and the needs to be deleted as all the above expenses are genuine and need to run the business activity.

4. On the other hand, Ld. DR relied upon the orders of lower authorities.

5. We have heard the rival contentions and gone through the facts and circumstances of the case. We noted that the assessee is engaged in transport of goods by road through trucks. Necessary details were filed before the Ld. CIT(A) and Ld. CIT(A) rightly observed that detailed explanations and voluminous evidence were provided and that the AO failed to examine them in desired manner. Although notices u/s. 133(6) were issued for verification of expenses and certain

defects have also been pointed out in the assessee's submission, the assessment order does not reflect a thorough examination of these details. Furthermore, the assessee's reliance on past assessment history where similar expenses were already allowed and the fact that the books of accounts were not explicitly rejected by AO, lend weight to the assessee's argument. It is noted that during the appellate proceedings the assessee also submitted that as per the assessment orders of AY 2013-14 and 2014-15 the expenses were considered to be integral part for smooth business operation and disallowances in the earlier assessment years were only limited to 10% and never full disallowance made in the past. In view of the aforesaid factual matrix and going by the nature of business in engaging in transport of goods by road through trucks, we are of the view that the disallowances @8% of disputed expenses by estimating the same will meet the end of justice. Accordingly, we direct the AO to disallow @8% disputed expenses and assessed the income accordingly.

6. In the result, the Assessee's appeal is partly allowed.

Order pronounced in the Open Court on 12.01.2026.

Sd/-
(RENU JAUHRI)
ACCOUNTANT MEMBER
Date: 13.01.2026

SRBhatnagar

Copy forwarded to: -

1. Appellant
2. Respondent
3. DIT
4. CIT (A)
5. DR, ITAT

TRUE COPY

Sd/-
(MAHAVIR SINGH)
VICE PRESIDENT

By Order,

Assistant Registrar, ITAT, Delhi Bench