

IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "E", MUMBAI

BEFORE SHRI ANIKESH BANERJEE, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER

I.T.A No.6450/Mum/2025
(Assessment Year: 2014-15)

TBZ Nirmal Zaveri Private Limited 62-64, Zaveri House, Hughes Road Gamdevi Mumbai 400007, Maharashtra PAN : AACCT7393J	vs	DCIT-5(3)(1) Maharshi Karve Road, New Marine Lines, Churchgate, Mumbai-400020
APPELLANT		RESPONDENT

Assessee by : Shri Gunjan Kakkad
Respondent by : Shri Hemanshu Joshi (SR DR)

Date of hearing : 21/01/2026
Date of pronouncement : 22/01/2026

ORDER

Per Anikesh Banerjee (JM):

The instant appeal of the assessee filed against the order of the Ld. Commissioner of Income-tax (Appeals) ADDL/JCIT (A), Bhubaneswar [for brevity, 'Ld.CIT(A)'] order passed under section 250 of the Income-tax Act, 1961 (for brevity, 'the Act) for the Assessment Year 2014-15, date of order 12/08/2025. The impugned order emanated from the order of the Learned Assistant

Commissioner of Income-tax Circle (5)(3)(2), Mumbai (for brevity, 'the Ld.AO') order passed u/s 143(3) of the Act, date of order 27/12/2016.

2. The brief facts of the case are that the assessee is private limited company engaged in the business of goldsmith, silversmith and jewelers. During the impugned assessment year the assessee filed return by declaring total income amount to Rs.3,06,33,780/- the Book profit as per provision of section 115JB (2) is computed amount to Rs.4,10,21,466/-. The case was selected for scrutiny under CASS during the assessment proceeding the Ld. AO found that the assessee in profit and loss account claim deduction amount to Rs.25,94,892/- as business promotion expenses and an amount of Rs.38,76,693/- under head of professional fees. The assessee was asked to produce the details of expenses. The Ld. AO found that the assessee claim expenses in the professional fees in respect of two parties for the purpose of business promotion. The details of the parties as below:

Name of the party	PAN No.	Amount (Rs.)
Mrs. Shalini S Zaveri	AAQPS0593L	8,00,000/-
Mrs. MeeraZaveri	AADP0206E	4,50,000/-
	TOTAL	12,50,000/-

3. The Ld. AO during the assessment proceeding found that the assessee had claimed this expenses as professional fees and tax was deducted at the rate of 10%. The professional fees paid to Mrs. Shalini Zaveri for promoting the business and to Mrs. Meera Zaveri, Gemologist for conceptualization of design for business of the company. The assessee confirm before the revenue authorities that the

payment was made through banking channel and the TDS was duly deducted on payment. But the Ld. AO had not considered the assessee's submission & confirmed the addition amount to Rs.12,50,000/- with the total income of the assessee. Being aggrieved the assessee filed an appeal before the Ld. CIT(A). The Ld. CIT(A) upheld the impugned assessment order. Being aggrieved assessee filed an appeal before us.

4. The Ld. AR submitted a paper book comprising **pages 1 to 110**, which was taken on record. The Ld. AR contended that the impugned amounts were paid during the relevant assessment year to professionals for the purpose of promoting the business of the assessee-company—namely, to Mrs. Shalini Zaveri and to Mrs. Meera Zaveri, a gemologist, for conceptualization and design development in connection with the company's business. Accordingly, these payments were treated as professional fees in the books of account of the assessee-company. Tax was duly deducted at source at the rate of 10% on such professional fees. The Ld. AR further submitted that the Ld. AO had raised an objection that the said amounts were not claimed under the head "business promotion," to which a detailed explanation had already been furnished before the Ld. AO on 05.08.2016. During the assessment as well as appellate proceedings, the relevant bills, bank statements, and TDS certificates were duly submitted, copies of which are enclosed at **APB pages 69 to 110**. On this basis, the Ld. AR contended that the impugned addition was arbitrary and bad in law.

5. The Ld. DR argued that the assessee had incurred the expenditure for "business promotion," whereas the impugned amounts were claimed separately

under the head “professional expenses.” He further submitted that the payments were made to related parties without adequate justification to establish that the expenditure was incurred wholly and exclusively for business purposes. He accordingly relied upon the orders of the revenue authorities.

6. We have heard the rival submissions and perused the material available on record. During the assessment proceedings, the Ld. AO made an addition in respect of professional fees paid to Mrs. Shalini Zaveri amounting to Rs. 8,00,000/- and to Mrs. Meera Zaveri amounting to Rs. 4,50,000/-, allegedly for promoting the business of the assessee-company. Before both the revenue authorities, the assessee furnished complete details of the bills, bank statements evidencing the payments, TDS certificates showing deduction of tax at the rate of 10%, and explanations regarding the professional activities undertaken for further development of the business. At no stage during the assessment or appellate proceedings did the revenue authorities reject the documentary evidence filed by the assessee in support of its claim. The sole objection of the Ld. AO appears to be that, although the assessee maintained a separate head for “business promotion,” the impugned expenditure was claimed under the head “professional fees.” We find that the assessee is engaged in the business of goldsmithing, silversmithing, and jewellery, and the services of a gemologist are intrinsically connected with and necessary for the promotion and further development of such business. Merely because the expenditure was classified under the head “professional fees” instead of “business promotion” cannot be a valid ground for disallowance, particularly when the nature and purpose of the expenditure are not in dispute. In these circumstances, we find no justification for the

disallowance of the expenditure amounting to Rs. 12,50,000/-. Accordingly, the impugned appellate order is set aside, and the addition of Rs. 12,50,000/- is deleted.

7. In the result, the appeal filed by the assessee bearing **ITA No.6450/Mum/2025** is allowed.

Order pronounced in the open court on 22nd day of January, 2026.

Sd/-

(JAGADISH)
ACCOUNTANT MEMBER
Mumbai, दिनांक/Dated: 22/01/2026
SaumyaSr.PS

Sd/-

(ANIKESH BANERJEE)
JUDICIAL MEMBER

Copy of the Order forwarded to:

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. आयकरआयुक्त CIT
4. विभागीयप्रतिनिधि, आय.अपी.अधि., मुंबई/DR, ITAT,
Mumbai
5. गार्डफाइल/Guard file.

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BY ORDER,

(Asstt. Registrar), ITAT, MUMBAI