

IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, AHMEDABAD
BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER

ITA No.1530/Ahd/2025
(Assessment Year: 2018-19)

| | | |
|--|-------------------------------|--|
| Mamta Construction Co., 20, Madhuvan Complex, Nr. ICICI Bank, State Highway, Mehsana-384 002 [PAN :AAIFM 6254 A] | Vs. | Deputy Commissioner of Income-tax, Gandhinagar |
| (Appellant) | .. | (Respondent) |
| Appellant by : | Shri Hasmukh V. Doshi, CA | |
| Respondent by: | Shri Kamal Deep Singh, Sr. DR | |
| Date of Hearing | 10.12.2025 | |
| Date of Pronouncement | 25.02.2026 | |

ORDER

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

This appeal has been filed by the assessee against the order dated 09.09.2024 passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (“Ld. CIT(A)” for short), under Section 250 of the Income-tax Act, 1961 (“the Act” for short) for Assessment Year 2018-19.

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

“1. Ld. CIT(A) has erred in law & facts in confirming addition made by AO in respect of disallowance of carting expenses on the basis of incorrect presumption of double debit of single expenses.

2. CIT(A) has erred in law & facts in confirming the assessment order made abruptly without considering the reply and evidences attached with the reply in response to draft assessment order.”

3. The facts of the case are that the assessee is a partnership firm engaged in the business of civil contracting, including supply of pipelines and construction of roads and buildings for government as well as private entities. The assessee filed its return

- 2-

of income for the Assessment Year 2018-19 declaring a total income of Rs.96,99,110/-. The case was selected for complete scrutiny under the e-assessment scheme. During the year, the assessee debited various expenses in its audited profit and loss account which includes :-

- i. Purchase : Rs.11,89,95,153/-
(including cement purchases of Rs.1,38,93,510/-).
- ii. Carting Expenses : Rs.92,93,192/-.

3.1 Out of the carting expenses of Rs.92,93,192/-, an amount of Rs.21,52,900/- related to transportation charges of cement which, according to the assessee, were charged by the cement suppliers themselves through invoices/debit notes and paid directly to them. The assessee contended that no payment was made to any separate transporter in respect of these amounts. The Assessing Officer was of the view that since the purchase cost of cement already included carting charges, debiting the same amount again under the head "Carting Expenses" resulted in double debit of the same expenditure. Accordingly, the Assessing Officer disallowed Rs.21,52,900/- and added the same to the returned income.

3.2 The assessee submitted a detailed reply along with documentary evidences on 10.04.2021 in response to the draft assessment order, disputing the allegation of double debit. According to the assessee, the said reply was neither examined nor dealt with by the Assessing Officer. For the sake of ready reference, the reply dated 10.04.2021 is reproduced hereunder:-

"Date- 10/04/2021

R/Sir.

Ref: Notice No.: ITBA/AST/F/143(3)(SCN)/2020-21/1031449244(1) Dated 12.03.2021 For A.Y.2018-19

Sub: Submission of disagreement with draft assessment order

- 3-

Please refer to above, we submit that we are not agree with the draft order prepared by your office. The issues of additions mentioned in the draft order is not in accordance with the Act and also it will be injustice to us if order is passed same as draft order. Further, our case was selected for limited scrutiny only with the reason of "Contract receipt of fees" but issues covered under draft order is other than the reason of selection of the assessment. The issues of draft order are as under.

- i. Double claim of single expense - Carting Expense*
- ii. TDS default*

The detailed reasons for disagreement along with supporting documents which are already enclosed in earlier reply are again attached herewith:

1. Issue of Double claim of single expense - Carting Expense:

- In response to the details asked about TDS made on carting expense in Notice u/s 142(1), we had explained that out of total carting expenses of Rs. 92,23,192/-, the carting expense of Rs. 21,52,900/- were such on which TDS was not deducted as payment was not made directly to supplier of the material.*
- It is normal practice of the industries that supplier themselves arrange transport facilities and claim reimburse of transport expense from the customer by issuing separate debit note or adding it in the main invoice of material.*
- In our case, supplier has issued separate debit note for transport expenses. As suppliers issued two separate invoices/debit note i.e. invoice related to purchase of goods and debit note related to carting expense, so for accounting purpose, we also pass two separate entries i.e. Carting expense under the head of "Direct expense" and Material Purchase under the head of "Purchase Account".*
- For your reference, we hereby produce the copy of debit note of carting expense (in image no. 1) and purchase bill issued by one of our supplier as sample (in image no. 2).*


|  SAURASHTRA CEMENT LIMITED Regd. Office & Factory : Near Railway Station, RANAVAV-360 560, Dist. - Porbandar (GUJARAT) Phone : (02801) 304200 Fax : (02801) 304384, 304376 Website : www.mamtagroup.com CIN : L28941GJ1956PLC000840 | | ACKNOWLEDGEMENT NOTE | CHALLAN NO. : HC1710013729 CHALLAN DT. : 26/05/2017 | | | | | | | | | | |
|--|----------------------|---|--|------------|---------|------------|-----|----------------------|-------|--------|----------|-------|--|
| CONSIGNEE NAME & ADDRESS GMC184 MAMTA CONSTRUCTION CO ON WORK OF BRIDGE MEHSANA MEHSANA MEHSANA | | CUSTOMER & ADDRESS MAMTA CONSTRUCTION CO 20 MADHUVAN COMPLEX NR KOKILA TRADING MEHSANA IN | For SAURASHTRA CEMENT LIMITED | | | | | | | | | | |
| THIRD PARTY NAME: D K TRADERS ORDER NO & DATE: SAHS000951MAY17 M.T: 17.00 NO. OF BAGS: 340 TYPE OF PACKING: 340 L.R. NO. & DATE: 26/05/2017 TRUCK NO: GJ2519941 MODE OF TRANSPORT: ROAD TRANSPORTER: PALD FREIGHT 15521.00 DESTINATION: MEHSANA CITY-MEHSANA | | U011 RNP5006513MAY17 Signature of receiver with rubber stamp & person name, date & time | (AUTHORIZED SIGNATURE) | | | | | | | | | | |
| SAURASHTRA CEMENT LIMITED REGD. OFFICE & FACTORY : Near Railway Station, RANAVAV - 360 560, Dist. - Porbandar (GUJARAT) Phone : (02801) 304200 Fax : (02801) 304384, 304376 | | DEBIT NOTE / FREIGHT PAYMENT ADVICE G.S.T. NO. : 24110200056 DT. : 13-09-2005 C.S.T. NO. : 24610200056 DT. : 13-09-2005 C.E. Regn. No / ECC No. : AAHFSS211JXM001 | | | | | | | | | | | |
| To: GMC184 ON WORK OF BRIDGE MEHSANA MEHSANA MEHSANA | | No: RNPRTDN1828MAY17 Date: 26/05/2017 632579941 | | | | | | | | | | | |
| Being your account has been debited for reimbursement of freight amount which has been arranged by us on your request vide agreement no. details of which are as follows: | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>FRT. Code</th> <th>Destination</th> <th>Qty.</th> <th>Rate MT</th> <th>Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>FRT</td> <td>MEHSANA CITY-MEHSANA</td> <td>17.00</td> <td>913.00</td> <td>15521.00</td> </tr> </tbody> </table> | | FRT. Code | Destination | Qty. | Rate MT | Amount Rs. | FRT | MEHSANA CITY-MEHSANA | 17.00 | 913.00 | 15521.00 | 15521 | |
| FRT. Code | Destination | Qty. | Rate MT | Amount Rs. | | | | | | | | | |
| FRT | MEHSANA CITY-MEHSANA | 17.00 | 913.00 | 15521.00 | | | | | | | | | |
| Rs. in words: fifteen Thousand Five Hundred Twenty One Only Challan No: 2605201710013729 Brand: | | Service Taxes is paid by the consignor For SAURASHTRA CEMENT LIMITED AUTHORIZED SIGNATURE | | | | | | | | | | | |

Image No. 1


| | | | | | | | |
|---|---|--|---|--|----------------------------|--------------------|-------------------|
|  SAURASHTRA CEMENT LIMITED Regd. Office & Factory : Near Railway Station, RANAVAV-360 560, Dist. - Porbandar (GUJARAT) Phone : (02801) 304200 Fax : (02801) 304384, 304376 Website : www.mamtagroup.com CIN : L28941GJ1956PLC000840 | | FROM FACTORY OR WAREHOUSE UNDER RULE 11 OF CENTRAL EXCISE RULES 2002 C.E. Range : The Suppl. C. Ex. AP-II, Cpp - Air Port, Porbandar. CODE : 770303 C.E. Division : Asst. Commissioner of C. Excise, Sardar Patel Bhanar, Jayshree Talkies Road, Junagadh - 362 001. CODE : 7703 C.E. Commissionerate : Bhavnagar. Code : 77 C.E. Regn. No./ECC No./PLA No. : AAHFSS211JXM001 | ORIGINAL FOR BUYER CHALLAN NO. : HC1710013729 CHALLAN DT. : 26/05/2017 INVOICE NO. : RNT11718008660 | | | | |
| Consignee Name & Address GMC184 MAMTA CONSTRUCTION CO ON WORK OF BRIDGE MEHSANA MEHSANA MEHSANA 9376388002 THIRD PARTY NAME: D K TRADERS | | Customer Name & Address MAMTA CONSTRUCTION CO 20 MADHUVAN COMPLEX NR KOKILA TRADING MEHSANA INDIA PAN: AAJF6254A 9374699522 | | | | | |
| PLEASE QUOTE IN NO. NOT PRINTED PAY | | | | | | | |
| Sl. No. | Description & Specification of Goods | No. of Packages | Quantity MT. | Price / MT Rs. | Total Assessable Value Rs. | Excise Rate Rs./MT | Excise Amount Rs. |
| | HATHI-CEMENT-PPC-00 - HDPE- PROJECT-LOCAL . | | 340 | 17.000 | 3468.21 | 58959.61 | 12.50 7369.95 |
| G.S.T. No. : 24110200056 Dt. : 13-09-2005 C.S.T. No. : 24610200056 Dt. : 13-09-2005 Tariff Sub-Heading No. : /H.S.N CODE : 25322930 Order No. & Dt. : SAHS000951MAY17 24/05/2017 Dispatch By : ROAD Truck No. : GJ2579941 Delivered at : RANAVAV-SCL Destination : MEHSANA CITY-MEHSANA Freight : TOPAY Transporter : OCO05 OKHAI & CO. BY ROAD Driver Mobile No : 9925973547 | | | | Total 8291.20 VAT 1658.24 Total 9949.44 Invoice Amount Rs. 76279.00 MRP PER BAG | | | |
| Total Invoice Amount in words (Rs.): Seventy Six Thousand Two Hundred Seventy Nine Only Total Excise Duty in Words (Rs.): Seven Thousand Three Hundred Sixty Nine And Ninety Five paise Only PLV/CEN/VAT. No. & Date : PAYABLE 26/05/2017 | | | | THE CEMENT SUPPLIED UNDER THIS INVOICE, USE FOR YOUR ACTUAL CONSUMPTION AND NOT FOR RESALE. IN CASE THE CEMENT IS OTHERWISE TRANSFERRED OR USED OTHER THAN CONSTRUCTION/PRODUCTION OR IT IS RESOLD YOU SHALL BE LIABLE FOR ALL THE CONSEQUENCES INCLUDING PAYMENT OF DIFFERENTIAL DUTY/INTEREST/PENALTY ETC. | | | |
| Certified that the particulars given above are correct & the amount indicated represent the price actually charged and that there is no flow of additional consideration directly or indirectly from buyer. | | | | RNP5006513MAY17 For SAURASHTRA CEMENT LIMITED AUTHORIZED SIGNATURE | | | |
| Date & Time of Invoice Issue: 26/05/2017 15:32:37 Date & Time of Removal of: 26/05/2017 15:42:37 | | | | | | | |

Image No. 2

- 5-

- *In purchase expense bill and debit not of carting expenses, "order no. SAHS0000951MAY17" is common. It proves that the carting expenses is for the purchase only. We have passed separate accounting entries also. Copy of vouchers of accounting entries are enclosed herewith.*
- *From the perusal of the images no. 1 and 2 (above) and accounting vouchers enclosed herewith, it is evident that there are two separate expenses and being the accounting policy adopted, carting expenses for purchase of material is debited in the account of carting expenses.*
- *There is huge volume of such debit notes and invoice, we have produced only one sample. We will submit all such vouchers on intimation of your office.*
- *Plea taken by your office that "accounting treatment adopted by the assessee is not correct" is baseless and without examination of the books of accounts, it can't be concluded that accounting treatment is not correct. So, your office is requested dismiss the addition of Rs. 21,52,900/-. And if your office is not agreeing with above submission then without verification of the books of accounts (thru verification unit), order should not be passed.*
- *....."*

4. Aggrieved by the order of the Assessing Officer, the assessee has preferred an appeal before the Ld. CIT(A), who upheld the action of the Assessing Officer. He observed that as per the assessee's own admission, the payment made to cement suppliers included both the purchase price and **the carting expenses**. Therefore, according to him, the carting expenses of Rs.21,52,900/- had therefore been claimed twice, i.e. once as part of purchases and again under the head "Carting Expenses", and the Ld. CIT(A) confirmed the disallowance of Rs.21,52,900/-.

5. The Ld. AR reiterated the submissions made before the lower authorities. It was contended that:-

- a) The cement suppliers raised separate invoices/debit notes for transportation charges, which were paid directly to them.
- b) The purchase value recorded under the head "Purchases" did not include the **carting component** of Rs.21,52,900/-.

- 6-

- c) The AO proceeded merely on presumption without examining the invoices and evidences placed on record.
- d) The reply dated 10.04.2021 was not dealt with either in the assessment order or in the appellate order.
6. The Ld. DR, on the other hand, supported the orders of the lower authorities.
7. We have heard the rival contentions and perused the material available on record. From the records, it is evident that the assessee had consistently maintained that the cement suppliers issued separate debit notes/invoices towards transportation charges, distinct from the invoices raised for supply of cement. The assessee also placed on record sample copies of purchase invoices, debit notes for **carting expenses**, and corresponding accounting vouchers to demonstrate that the purchase value recorded under the head "Purchases" did not include the **carting component**. It is also observed that the detailed reply filed by the assessee dated 10.04.2021, along with supporting evidences, has not been dealt with either in the assessment order or in the appellate order. Had they been considered in right perspective, the addition would not have been called for by the Revenue Authorities themselves. The failure to consider relevant submissions and evidences placed on record vitiates the conclusion drawn by the lower authorities. The appeal of the assessee is allowed accordingly.
8. In the result, the appeal of the assessee is allowed.

The order is pronounced in the open Court on 25.02.2026.

Sd/-

(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

Ahmedabad; Dated 25.02.2026

**btk

Sd/-

(DR. B.R.R. KUMAR)
VICE-PRESIDENT

- 7-

आदेश की प्रतिलिपि ँ ग्रेषित/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.

True Copy

आदेशानुसार/ BY ORDER,

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