

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "F", NEW DELHI**

**BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI VIMAL KUMAR, JUDICIAL MEMBER**

**ITA No.5491/DEL/2025
(Assessment Year: 2016-17)**

Bright Enterprises Pvt. Ltd.,
MBD House, Gulab Bhawan,
Bahadur Shah Zafar Marg,
New Delhi.

vs.

ACIT, Circle 5 (1),
Delhi.

(PAN: AAACB9469K)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Sudhir Sehgal, Advocate
REVENUE BY : Ms. Harpreet Kaur Hansra, Sr. DR.

Date of Hearing : 29.01.2026

Date of Order : 15.04.2026

ORDER

PER S. RIFAUR RAHMAN, AM :

1. This appeal is filed by the assessee against the order of the Ld. Commissioner of Income-tax (Appeals)/National Faceless Appeal Centre, Delhi [hereinafter referred to as 'ld. CIT (A)] dated 10.07.2025 for the Assessment Year 2016-17 raising following grounds of appeal :-

“1. That the Ld. CIT(A) has erred in confirming the action of the Assessing Officer in assessing the total income of the assessee at Rs.9,49,41,404/-.

2. That the Ld. CIT(A) has erred in confirming the addition of Rs. 65,55,568/- out of Rs. 1,31,11,135/-, being charges incurred for consultancy paid to sister concern, namely Oxbridge International Pvt. Ltd. u/s 40A(2)(b) as per para 8.4.5 of the order.

3. That the Ld. CIT(A) has failed to appreciate that similar additions were made in earlier years and addition on account of Consultancy charges paid to Oxbridge International Pvt. Ltd. was held to be as normal business expenses and the said additions' were deleted in earlier years and since the facts are same as per last year and, the CIT(A) was found to follow the order of higher forum i.e. Hon'ble ITAT and rather than confirming the addition in a summary manner.

4. That the Ld.CIT(A) has erred in confirming the addition on account of increase in Vehicle loans to the tune of Rs. 10,49,848/- as per para 5 of the order.

5. That the above addition has been confirmed against the facts and circumstances of the case.”

2. Brief facts relating to the grounds raised before us, assessee filed its return of income on 30.09.2016 declaring total income of Rs.7,78,29,110/-. The case was selected for scrutiny through CASS and notices under section 143(2) and 142(1) of the Income-tax Act, 1961 (for short ‘the Act’) were issued and served on the assessee through e-portal. In response, ld.AR of the assessee attended and submitted the relevant information as called for. During assessment proceedings, the AO observed from the financial statement that a perusal of the chart of payments made to persons specified u/s 40A(2)(b) reveals that the assessee has made a payment of Rs.1,31,11,135/- to a sister concern, M/s. Oxbridge International Pvt. Ltd. on account of consultancy charges. The assessee was asked to submit a detailed note on payment to the entity. The assessee submitted reply

vide its submission dated 15.12.2018 which was considered but not found satisfactory as assessee has merely supplied sample bills as asked by the assessee.

3. The assessee concern has paid an amount of Rs.1,31,11,135/- to its sister concern M/s. Oxbridge International Pvt. Ltd. on account of consultancy charges. However, other than giving a general reply that the M/s. Oxbridge International Pvt. Ltd. provides the consultancy on day to day basis for all types of repair/renovations for entire civil as well as engineering and mechanical work, no specific details of the recommendations made by M/s. Oxbridge International Pvt. Ltd. to the assessee have been furnished. Perusal of the ITR and financials of M/s Oxbridge International Pvt. Ltd or justified with proof what kind of consultancy has been given by the company to the assessee company. The assessee has also not provided any details regarding the actual recommendations or services rendered by the team of M/s. Oxbridge International Pvt. Ltd. No report or recommendation has been put on record. However the facts of current year are differentiated from prior years partly because, the sister concern has shown profits in FY 2015-16 and only some other contract receipts of Rs 57 lakhs has been received from other parties, as per the P&L account. Hence to avoid double burden of taxation the disallowance is restricted to 50% which works out to be Rs.65,55,568/-.
4. Further during assessment proceedings, AO observed that there has been an increase in interest paid on vehicle loan with no corresponding increase in addition to the fixed asset. When the assessee was asked to substantiate and not convinced with the submissions of the assessee, he proceeded to allow the interest expenses

restricted to last year and additional interest claimed to the extent of Rs.10,49,848/- was disallowed.

5. Aggrieved with the above order, assessee preferred an appeal before the NFAC, Delhi and filed detailed submissions. After considering the detailed submissions, Id. CIT (A) dismissed the grounds raised by the assessee by observing as under :-

✓ **8.4.3** During appeal proceedings, submissions made by appellant against above disallowance can be summarized as under.

1. *M/s Oxbridge International Pvt Ltd is a competent and qualified professional company to provide advice and technical consultancy services which can be verified from profile of employees.*
2. *Service charge paid to M/s Oxbridge International Pvt Ltd is in accordance with contract agreement entered into with it by assessee and AO has not doubted authenticity of contract.*
3. *During the year, M/s Oxbridge International Pvt Ltd has provided such consultancy services to outside party Sri George Venatius Antony, earned revenue of Rs 57,88,212/-*
4. *M/s Oxbridge International Pvt Ltd is regularly filing returns of income admitting income from consultancy service. The assessee has deducted TDS on payments made to above concerns and remitted service tax too.*
5. *Incurrence of expenditure has never been doubted by AO. Reasonable basis for arriving at excess expenditure has never been mentioned by AO in assessment order.*
6. *Assessee made addition to fixed assets Rs 2,88,26,819/- and incurred Rs 6,28,05,120/- towards 'repairs and maintenance' which has not been disputed by AO. All these additions to assets, repairs and maintenance was incurred on advice of M/s Oxbridge International Pvt Ltd.*

- 7. Lack of details of services rendered on invoice should not be reason for AO to disallow payment when terms of contract are clear.**
- 8. Assessee has movable assets worth Rs 130 Crores, service of experts is required to monitor day to day maintenance of same.**

8.4.4 I have carefully examined contentions of appellant. There is finding in the assessment order that appellant failed to furnish evidence for actual rendering of service during the year 1. Explaining nature of services provided 2. by listing the details of actual services rendered during the year 3. By filing copies of recommendations provided / any communication with regard to services rendered by M/s Oxbridge International Pvt Ltd and 4. Report of recommendations provided by M/s Oxbridge International Pvt Ltd.

8.4.5 The appellant has provided copy of consultancy agreement entered for period of 1-04-2015 to 31-03-2016. As per consultancy agreement, details of services required to be provided by M/s Oxbridge International Pvt Ltd is reproduced as under.

Exhibit "A"

- Consultancy support to maintain plumbing, electrical & HVAC system.
- Consultancy and advisory support for drawing / designing and execution of various civil works.
- Consultant will provide advice / consultancy on effective cost control for repair & maintenance and energy conservation measures.
- Consultant will provide technical advice on dismantling of existing broken stone & tiles flooring & cladding with.
- Consultant will provide technical advice on water proofing keeping in view various leakage.
- Consultant will provide all necessary engineering consultancy and support services as may be required.
- Advising with respect to purchase of various engineering equipments / machines, keeping in view the need, capacity, feasibility, commercial viability.
- Consultant will provide the technical advice on LT Distribution panel board, wiring for lighting electrical points.
- Consultant will provide technical services for the supply & fixing in position of antiskid, joint less vitrified tiles, removing of existing wooden mirror frame and supply & fixing in position of premium class, repairing & fixing in position of water proof flush sliding door from room to bathroom area.
- Advise on technical parameters, specifications, make and model of the machinery to be procured.
- Consultancy and advise on various designing, modifications & repairs to be carried out at rooms, restaurants, spa and other hotel areas.

BRIGHT ENTERPRISES PRIVATE LIMITED



Authorized Signatory

For Oxbridge International Pvt Ltd



Authorized Signatory

8.4.6 Consideration agreed was Rs 82,80,000/- for the entire year. It was also agreed that in addition to agreed fee, additional reimbursable expenditure would be paid to M/s Oxbridge International Pvt Ltd on actual basis after due verification by appellant company and M/s Oxbridge International Pvt Ltd would have to take prior approval from company for incurring such reimbursable expenditure as per point 3.2 of consultancy

agreement. During the year, the appellant company has made payment of Rs 1,31,11,135/- which means excess payment of Rs 48,31,135/- was paid in addition to agreed fee of Rs 82,80,000/- for which M/s Oxbridge International Pvt Ltd ought to taken prior sanction from company and appellant company would have made the payment after thorough verification as per clause 3.2 of consultancy agreement. In this back ground, there should not be any problem for appellant company to furnish evidence of actual rendering of services by M/s Oxbridge International Pvt Ltd in the form of proposal submitted for approval and communication given by assessee granting approval etc. The Appellant vide written submissions admitted the fact that sale invoices raised during the year do not contain details of services provided by M/s Oxbridge International Pvt Ltd. Therefore, absolutely no evidence with regard to actual rendering of service has been provided by appellant unlike in earlier years. Existence of consultancy agreement between related parties does not automatically leads to presumption of actual rendering of service especially in absence an iota of evidence of actual rendering of service. The claim of appellant that not mentioning of details of services provided on payment invoices is to maintain secrecy does not sound convincing. The only reason, AO has allowed 50% of expenditure is in view of fact that M/s Oxbridge International Pvt Ltd has filed return of income offered the profit worked out from consultancy charges to tax. I am in agreement with AO that payment made to M/s Oxbridge International Pvt Ltd is to be considered excessive in absence of any evidence of actual rendering of services to appellant, 50% of disallowance made by AO is considered reasonable. Consequently, Ground relating to the issue is **Dismissed**.

6. With regard to interest payment of vehicle loan, Id. CIT (A) after considering the submissions of the assessee, dismissed the ground raised by the assessee by observing as under :-

payment of interest on vehicle loan.

8.6.3 During appeal proceedings, submissions made by appellant against above addition can be summarized as under.

1. *Assessee company purchased car worth Rs 1,75,36,450/- on 31-12-2014. Since car was used for only three months, interest for three months Rs 2,46,753/- was claimed during previous year and since car was used for entire year during the year, entire interest on vehicle loan taken for purchasing the car Rs 13,92,071/- was claimed as deduction.*
2. *Copy of car invoice, HDFC loan account are enclosed.*

8.6.4 It is noticed that though appellant claimed that it has enclosed purchase invoice of car and HDFC loan agreement in support of its submission and it has filed paper book containing 170 pages and at page 145-166, invoice of car and HDFC loan agreement are enclosed, no such details have been uploaded. Only paper book containing pages 7 to 38, 46 to 85 and 86 to 124 have been uploaded during appeal proceedings. Thus, purchase invoice of car, HDFC loan agreement have not been uploaded. In absence of details of car invoice showing that car was purchased only during month of December, 2014 and interest relating to that period has only claimed during previous year, in absence of depreciation schedule for assessment year 2015-16, claim of appellant that increase in interest payment on vehicle loan during the year is on account of interest paid for entire year on account of car purchased during last quarter of year can't be accepted. Therefore, addition made by AO to the extent of Rs 10,49,848/- is upheld. Consequently, Ground relating to the issue is **Dismissed**.

7. At the time of hearing, ld. AR of the assessee brought to our notice page 4 of the assessment order and pages 7 to 32 of the first appellate order where the submissions of the assessee were considered. He brought to our notice detailed submissions made by the assessee before the ld. CIT (A). He submitted that Oxbridge International Pvt. Ltd. is a competent and qualified professional company to provide advice and consultancy services for repairs/maintenance/installation work. The expenditure incurred by the assessee

on account of service charges paid to Oxbridge International Pvt. Ltd. is genuine business expenditure on which TDS was deducted and deposited by the assessee and also service-tax has been charged on the abovesaid invoices. He further brought to our notice page 3 of the synopsis and submitted the history of expenditure allowed by the ITAT in the earlier assessment years i.e. AY 2013-14 and 2014-15 and in subsequent assessment years, the same was allowed and the relevant finding is as under:-

| AY 2013-14 | AY 2014-15 | AY 2015-16 | AY 2016-17 | AY 2017-18 | AY 2018-19 |
|---|---|--|--------------------------|---|---|
| 60,42,481 | 1,01,12,400 | 72,00,000 | 1,31,11,135 | 72,00,000 | 45,00,000 |
| ITAT confirmed the disallowance to the extent of 10% of total expenditure | ITAT confirmed the disallowance to the extent of 10% of total expenditure | Assessed u/s 143(1) and no disallowance is made. | Year under consideration | Assessed u/s 143(3) of the Act and no disallowance is made. | Assessed u/s 143(3) of the Act and no disallowance is made. |
| Refer Page 52 – 63 | Refer Page 52 – 63 | | | Refer Page 64 – 65 | Refer Page 66 – 68 |

8. He prayed that the issue under consideration is squarely covered in favour of the assessee.
9. With regard to interest on car purchased, he submitted that in the previous assessment year, the assessee has paid interest only for three months. In this year, assessee has paid interest for full year. He brought to our notice pages 36 and 37 of the first appellate order and further he brought to our notice page 14 of the paper book which is the fixed asset schedule for year ending 31.03.2016 wherein assessee has disclosed the detail of purchase in the previous assessment year. He submitted that the asset which was purchased for the fag end of the previous year and assessee has claimed full interest during the year, therefore, the interest paid

by the assessee should not be disallowed.

10. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.
11. Considered the rival submissions and material placed on record. With regard to disallowance of Rs.65,55,568/- being charges incurred for consultancy paid to sister concern, namely, Oxbridge International Pvt. Ltd., we observed that the assessee has entered into 3 agreements with its sister concern namely, M/s Oxbridge international Pvt. Ltd. and M/s Oxbridge international Pvt. Ltd. provides day to day advice and consultancy services with regard to all types of repairing work relating to civil as well engineering work under their supervision and monitoring for the five star hotel of the assessee namely "Radisson Blu MBD Hotel Sector 18 Noida". We observed that for these services in the year under consideration, total payment made is Rs.1,31,11,135/-. Further we observed that all the details were submitted during the course of assessment proceedings, viz., consultancy agreements and sample copies of bill issued by M/s Oxbridge International Pvt. Ltd. and TDS on these expenses has also been deducted and deposited and service tax charged on these invoices has also been deposited to the credit of Government on timely basis. We observed that addition is made by alleging that no details of actual rendering of services by M/s Oxbridge international Pvt. Ltd. has been given by the assessee We further observed that merely because each and every service is not mentioned on the bills cannot doubt the actual rendering of services. Further we observed that when the scope of work

is clear from the agreements and the necessity of such expenditure is also beyond doubts and sample evidences of such expenditure have also been brought on record, the genuineness of such expenditure cannot be doubted.

12. Further we observed that similar addition was also made by the Assessing Officer in AYs 2013-14 & 2014-15 and in both these years, the ITAT Amritsar had restricted the disallowance to only 10% of the complete expenditure. Further we observed that in the AYs 2015-16, 2017-18 & 2018-19, the case of the assessee was assessed u/s 143(1)/143(3) of the Act and no such disallowance was made therein. Further we observed that the AO has not doubted the identity of M/s Oxbridge International Pvt. Ltd. and neither any evidence of comparable of fair market value of the services has been brought on record. We also observed that such expenditure has been duly verified by the Chartered Accountant as is evident from the audit report for the year under consideration. We observed that M/s Oxbridge international Pvt. Ltd. is a professional firm engaged in this business and a list of its employees along with their qualification is also filed by the assessee in the paper book at page 33.
13. Further we observed that Ld. CIT(A) concluded that the actual expenses incurred of Rs.1,31,11,135/- were in excess of the agreed amount of Rs.82,80,000/-, and accordingly confirmed the ad-hoc addition of Rs.65,55,568/- @ 50% of the total expenditure of 1,31,11,135 as made by the Assessing Officer. However, we find that the above conclusion is factually incorrect as the assessee filed all the contracts entered into between the assessee and M/s Oxbridge International Pvt.

Ltd., which are placed at pages 31-40, which clearly shows that the total contractual value was Rs.1,33,30,000 and not Rs.82,80,000. Accordingly, we are of the considered opinion that the scope of work and the nature of services has been duly defined in the agreements and in the earlier years also, on the basis of similar agreements, the assessee had claimed deduction of the same expenditure and, therefore, the observation of the lower authorities that no services have actually been rendered by the assessee, as the same is not mentioned on the bills, is incorrect and bad in law. Accordingly, with our above observation, we delete the disallowance made by the lower authorities.

14. With regard to disallowance of Rs.10,49,848/- on account of increase in interest on vehicle loan, we observed that in the previous FY 2014-15, the assessee had purchased 4 cars out of which one car was purchased in the month of January 2015. Further we observed that a summary of cars purchased and the bill of car purchased in the month of January 2015 is placed in the paper book. We further observed that this car was purchased through loan from HDFC bank and as evident from bill of car purchased, since the car was purchased in January 2015 only, the interest cost on this car was claimed in the Profit & Loss Account for 3 months only, Further we observed that during the course of assessment proceedings, the assessee filed a chart of comparative interest expenses of 3 years including the year under consideration, as mentioned in the assessment order itself. We further observed that from a perusal of chart, it is noticed that in AY 2015-16, the assessee has claimed interest on various cars purchased through loan

out of which only 4 cars were purchased in that year and rest of the cars were purchased in earlier years and such interest was allowed in the assessment proceedings of earlier years. Further we observed that the increase in interest cost is due to that fact that interest on cars purchased in the AY 2015-16 was claimed for the part of the year, however, the interest cost in AY 2016-17 was claimed resulting in a total increase in interest cost to the tune of Rs.10,49,848/-. Accordingly, we observed that the claim of interest of Rs.20,96,759 is a genuine business expenditure on loans taken from banks and therefore, merely because there is no purchase of vehicles in the year under consideration, it does not mean that the interest claimed by the assessee is excessive as it was claimed on the assets purchased in the earlier years, for which the loan is outstanding in the year under consideration. Hence, in view of our above observations, we observed that the assessee has claimed the genuine business expenditure and therefore, the same is allowed and the disallowance made by the lower authorities is deleted.

15. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on this 15th day of April, 2026.

Sd/-
(VIMAL KUMAR)
JUDICIAL MEMBER

sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Dated : 15.04.2026
TS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT, NEW DELHI