

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई

**IN THE INCOME TAX APPELLATE TRIBUNAL**

**'A' BENCH, CHENNAI**

श्रीएन.आर.एस. गणेशन, न्यायिकसदस्य एवं  
श्री डि.एस. सुन्दर सिंह, लेखा सदस्य केसमक्ष

**BEFORE SHRI N.R.S. GANESAN, JUDICIAL MEMBER AND  
SHRI D.S. SUNDER SINGH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.561/Mds/2016

निर्धारण वर्ष /Assessment Year : 2007-08

M/s. Mother Mira Industries Ltd.,  
No.1, Cooks Road,  
Perambur,  
Chennai – 600 012.

v. The Assistant Commissioner of  
Income Tax,  
Corporate Circle -4(1),  
Chennai- 600 002.

PAN : AACCM 2392L

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri Saroj Kumar Parida, Advocate  
प्रत्यर्थीकीओरसे/Respondent by : Shri Shiva Srinivas, JCIT

सुनवाईकीतारीख/Date of Hearing : 28.07.2016

घोषणाकीतारीख/Date of Pronouncement : 23.09.2016

**आदेश /O R D E R**

**PER N.R.S. GANESAN, JUDICIAL MEMBER:**

This appeal of the assessee is directed against the order of CIT(A) -8, Chennai dated 31.12.2015 and pertains to Assessment Year 2007-08.

2. The first issue arises for consideration is disallowance of foreign travel expenses of the director of the assessee company. Shri Saroj Kumar Parida, the learned counsel for the assessee submitted that the assessee claimed a sum of Rs.6,04,629/- towards foreign travel expenditure on the Director. The assessing officer, however, disallowed the claim of the assessee. According to the learned counsel for the assessee, the expenses were incurred by the assessee-company when the director undertook a foreign trip for acquiring a mill in European countries. Therefore, according to the learned counsel for the assessee, the expenditure incurred by the assessee is an allowable business expenditure.

3. On the contrary, Shri Shiva Srinivas, the learned representative for the department submitted that the assessee has not produced any material before the Assessing Officer or before the CIT(A) regarding the foreign travel expenditure claimed by the assessee. The assessee other than producing the details of the expenditure incurred in foreign travel by the director to Europe, Turkey and Nigeria, no other evidence was filed before the Assessing Officer. The details of the object of the foreign trip was not furnished before the Assessing Officer or before the CIT(A) . Referring to the order of CIT(A), the learned department representative submitted that the assessee fairly considered before the CIT(A) that no evidence was available to substantiate the trip under taken by the

director of the company. In the absence of any material, according to the learned representative, the CIT(A) has rightly confirmed the disallowance made by the assessing officer.

4. We have considered the rival submissions on either side and also perused the material available on record. The assessing officer disallowed a sum of Rs.6,04,629/- being the so called foreign travel expenses of Director of the assessee company. The assessee claimed before the assessing officer that these expenditures were incurred on the foreign travel undertaken by Shri Aravind Nandagopal and Shri R. Sankaranarayan in order to acquire a mill in European countries and set a business in India. Though the assessee has filed the details of the travel undertaken by the directors, the details of the machinery or mill said to be acquired by the assessee was not furnished before the assessing officer. When the assessee claims that the directors of the company undertook foreign travel in order to acquire a mill in Europe, it is for the assessee to furnish the details of such mills which were intended to be purchased by the assessee. In fact, the assessee agreed before the CIT(A) that no such details are available on record. In those circumstances, this Tribunal is of the considered opinion that the CIT(A) has rightly confirmed the disallowance made by the assessing officer. Therefore, this Tribunal do not find any reason to interfere with the order

of the lower authorities. Accordingly, the same is confirmed with regard to foreign travel expenses.

5. The assessee has taken one more ground with regard to disallowance of Rs.19,00,791/- being the expenditure incurred on maintenance of vehicles. Shri Saroj Kumar Parida, the learned counsel for the assessee submitted that the assessee claimed Rs.19,48,55,508/- under the head 'Running and Operation of Vehicles –fuel and others'. The assessee has also accepted a hire receipt of Rs.19,00,79,192/-. Since there was a huge difference between the expenditure incurred and the hire charges, the assessing officer disallowed a sum of Rs.19,00,791/- being 1% of the expenditure. According to the learned counsel, disallowance of Rs.19,00,791/- was not justified.

6. On the contrary, Shri Shiva Srinivas, the learned representative for the department submitted that the assessee claimed an expenditure of Rs.19,48,55,508/-. However, the assessee could not produce any details with regard to the expenditure either before the Assessing Officer or before the CIT(A). In the absence of any material to substantiate the claim of the assessee, the assessing officer has disallowed the nominal amount of 1% of the claim of the assessee. Therefore, the CIT(A) has also confirmed the same.

7. We have considered the rival submissions on either side and also perused the material available on record. Admittedly, the assessee

claimed an expenditure of Rs.19,48,55,508/-. In the absence of any details and material to substantiate the claim of the assessee, the Assessing Officer, as rightly submitted by the department representative has disallowed a nominal amount of 1%. Out of the total claim of Rs.19,48,55,508/-, the Assessing Officer has disallowed only a sum of Rs.19,00,791/- for want of details and other supporting material. Even before this Tribunal, the assessee could not produce any material for claiming expenditure of Rs.19,48,55,508/-. Therefore, this Tribunal is of the considered opinion that the CIT(A) has rightly confirmed the disallowance made by the assessing officer. Therefore, this Tribunal do not find any reason to interfere with the order of the lower authorities. Accordingly, the same is confirmed.

8. In the result, the appeal of the assessee stands dismissed.

Order pronounced on 23<sup>rd</sup> September, 2016 at Chennai.

Sd/-

(डि.एस. सुन्दर सिंह)

**(D.S. Sunder Singh)**

लेखा सदस्य/Accountant Member

Sd/-

(एन.आर.एस. गणेशन)

**(N.R.S. Ganesan)**

न्यायिक सदस्य/Judicial Member

चेन्नई/Chennai,

दिनांक/Dated, the 23<sup>rd</sup> September, 2016.

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आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त (अपील)/CIT(A)
4. आयकर आयुक्त/CIT,
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF.