

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई

IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' (SMC) BENCH : CHENNAI

श्री अब्राहम पी. जॉर्ज, लेखा सदस्य के समक्ष।  
[BEFORE SHRI ABRAHAM P. GEORGE, ACCOUNTANT MEMBER]

आयकर अपील सं./I.T.A. No.289/Mds/2017  
निर्धारण वर्ष /Assessment year : 2013-2014

Shri. J. Chandraprakash,  
C/o. L.Nahata & Co.,,  
120, Nyniappa Naicken Street,  
Park Town,  
Chennai 600 003.

**Vs.** The Deputy Commissioner of  
Income Tax,  
Circle -1,  
Ootacamund.

[PAN ACCPC 2670E]  
(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : Shri. Lakshnichand Nahata, C.A.  
प्रत्यर्थी की ओर से /Respondent by : Shri. Murali Mohan, IRS, JCIT.

सुनवाई की तारीख/Date of Hearing : 27-04-2017  
घोषणा की तारीख /Date of Pronouncement : 03-05-2017

**आदेश / ORDER**

Assessee in this appeal is aggrieved that expenditure incurred by him for earning the income was disallowed.

2. Facts apropos that assessee who was in the business of making gold jewellery had filed his return for the impugned

assessment year declaring income of ₹15,55,400/-. During the course of the assessment proceedings the Id. Assessing Officer required the assessee to produce evidence on expenditure of ₹48,55,630/- claimed against income of ₹42,52,726/- shown under the head "Income from other sources". Though assessee gave a break-up as under, it seems no evidence was produced in support of the claim.

*".....1. I am herewith furnishing details of deduction claimed u/s. 57 of the I.T. Act, 1961 to the tune of ₹48,55,630/- as under:-*

<i>a</i>	<i>Making Charges paid</i>	<i>₹ 36,01,710</i>
<i>b</i>	<i>Designing Charges paid</i>	<i>₹ 4,56,000</i>
<i>c</i>	<i>Salary paid to Praveen</i>	<i>₹ 1,32,000</i>
<i>d</i>	<i>Salary paid to Shiva Kumar</i>	<i>₹ 1,44,000</i>
<i>e</i>	<i>Salary paid to Chandran</i>	<i>₹ 1,20,000</i>
<i>f</i>	<i>Salary paid to Sekar</i>	<i>₹ 1,24,000</i>
<i>g</i>	<i>Rent paid Sukumar Modi</i>	<i>₹ 90,000</i>
<i>h</i>	<i>Travelling Expenses</i>	<i>₹ 1,55,000....."</i>

As per the Id. Assessing Officer, the making charges earned by the assessee was shown under the head "income from other sources", but no supporting documents were filed for the claim of expenditure of ₹48,55,630/-. He made a disallowance of 50% of such claim, and completed the assessment making an addition of ₹24,27,815/-.

**3.** Assessee's appeal before the Id. Commissioner of Income Tax (Appeals) met with partial success. Ld. Commissioner of Income Tax (Appeals) was of the opinion that ₹7,60,000/- spent by the assessee on salary, rent and travelling expenses were allowable in full. Further, according to him on making and designing charges of ₹40,57,710/- claimed, a disallowance of 25% alone was justified. He scaled down the total disallowance to ₹10,14,427/-.

**4.** Now before me, Id. Authorised Representative, pleading for deleting the disallowance in-toto submitted that assessee was having vouchers for the expenditure and if given an opportunity can substantiate its claim for expenditure.

**5.** Per contra, Id. Departmental Representative strongly supported the orders of the authorities below.

**6.** I have perused the orders and heard the rival contention. In the first place Id. Assessing Officer, despite noting assessee's letter dated 29.03.2016, stating that he was doing a business of making of gold jewellery, still chose to assessee's income under the head "income from other sources". The residuary head can be used only where the income returned does not fit into specific heads. That apart, contention of the assessee now before me is that it was having

evidence in support of its claim for expenditure. Considering all these, we are of the opinion that the assessment has to be redone after giving a fair opportunity to the assessee to support its case. I therefore set aside the orders of the lower authorities and remit back to the Id. Authorised Representative for doing a de-novo assessment.

7. In the result, appeal of the assessee is allowed for statistical purposes.

Order pronounced on Wednesday, the 3rd day of May, 2017, at Chennai

**Sd/-**  
**(अब्राहम पी. जॉर्ज)**  
**(ABRAHAM P. GEORGE)**  
**लेखा सदस्य/ACCOUNTANT MEMBER**

चेन्नई/Chennai

दिनांक/Dated:3rd May, 2017

**KV**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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