

**IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'G' : NEW DELHI)**

(THROUGH VIDEO CONFERENCE)

**BEFORE SHRI O.P.KANT, ACCOUNTANT MEMBER
and
SHRI KULDIP SINGH, JUDICIAL MEMBER**

**ITA No.7877/Del./2017
ASSESSMENT YEAR : 2014-15**

Surender Kumar Jain,
M-1/89, Hemkunt Chamber,
Nehru Place,
New Delhi
(PAN : ACXPJ4658G)

Vs.

ACIT,
Circle-58(1),
New Delhi

(APPELLIANT)

(RESPONDENT)

ASSESSEE BY : None

REVENUE BY : Shri Prakash Dubey, Sr. DR

Date of Hearing : 08.07.2021

Date of Order : 27.07.2021

ORDER

PER KULDIP SINGH, JUDICIAL MEMBER :

Appellant, Surender Kumar Jain (hereinafter referred to as 'the assessee') by filing the present appeal sought to set aside the impugned order dated 29.09.2017 passed by the Commissioner of Income-tax (Appeals)-19, New Delhi qua the assessment year 2014-15 on the grounds inter alia that :

"1. That the Ld. A.O. as well as Ld. CIT (Appeal) have failed to appreciate the past history of the assessee and the details

of these expenses submitted while disallowing 10% being Rs. 1,92,982/- of the following expenses :-

<i>- Interest on car loan</i>	<i>9,856/-</i>
<i>- Telephone expenses</i>	<i>2,09,332/-</i>
<i>- Conveyance expenses</i>	<i>1,91,505/-</i>
<i>- Office expenses</i>	<i>1,63,965/-</i>
<i>- Printing & stationary expenses</i>	<i>47,455/-</i>
<i>- Packing expenses</i>	<i>2,20,575/-</i>
<i>- Misc expenses</i>	<i>42,430/-</i>
<i>- Misc expenses</i>	<i>3,50,260/-</i>
<i>- Sales promotion expenses</i>	<i>3,50,260/-</i>
<i>- Staff welfare expenses</i>	<i>2,76,364/-</i>
<i>- Vehicle running & maintenance</i>	<i>3,35,530/-</i>
<i>- Tour & Travelling expenses</i>	<i>82,549/-</i>
<i>Total</i>	<i>-----</i>
	<i>19,29,821/-</i>

2. That the Ld. AO as well as Ld. CIT (Appeals) have eared while disallowing Rs. 1,92,982/- out of the expenses mentioned above in para 1 in spite of the fact that the turnover has gone up by 66%. The total sales for the period under appeal is Rs. 44,46,76,750/- as against 26,83,33,887/-.

3. That the entire assessment order as well as appeal order is wrong, arbitrary, illegal, unjust against the fact as well as against the law.”

2. Briefly stated the facts necessary for adjudication of the controversy at hand are : assessee is individual tax payee being into the business of Import & Trading of Computer Hardware under the name and style of M/s. Bhavya International. Assessee is also having income from Salary, House Property, Income from Business or Profession, income from Capital Gain and Income from Other Sources. AO noticed that assessee shown gross profit of Rs. 1,45,72,231/- and has declared net profit of Rs.42,26,345/-. Assessing Officer verified various expenses claimed by assessee to the tune of Rs. 21,56,071/-. AO in the absence of explanation by the assessee to prove the nature and veracity of the expenses

proceeded to disallowed 20% of the expenses i.e. Rs. 4,31,216/- and thereby assess the total income of Rs. 51,32,990/-.

3. Assessee carried the matter before the Ld. CIT(A) by way of filing the appeal who has restricted the disallowance made by the AO to 10% of the expenses claimed by the assessee by partly allowing the appeal. Feeling aggrieved the assessee has come up before the Tribunal by way of filing the present appeal.

4. Assessee has not preferred to put in appearance despite issuance of the notice and consequently, we proceeded to decide the present appeal with the assistance of the ld. DR as well as on the basis of documents available on the file.

5. We have heard the ld. Departmental Representative for the revenue to the appeal, gone through the documents relied upon and orders passed by the revenue authorities below in the light of the facts and circumstances of the case.

6. We have perused the impugned order passed by the Ld. CIT(A) who has restricted the disallowance made by the AO to 10% from 20% . It was the case of assessee before the Ld. CIT(A) that the nature of expenses claimed under the head “ conveyance expenses, office expenses, Printing & Stationery Expense, Packing Expenses, Miscellaneous Expenses, Sales Promotion Expenses, Staff Welfare Expense, Vehicle Running & Maintenance, and Tour

& Travelling Expenses” could not be explained because the printed vouchers are normally not available but the case of the assessee is covered on the tax audit report u/s 44AB. The assessee has also brought on record comparative table as to the expenses claimed in the earlier years vis-a-vis year under consideration as under :-

“6.2

<i>Particulars</i>	<i>A.Y 2014-15</i>	<i>%</i>	<i>AY 2013-14</i>	<i>%</i>
<i>Sales (Rs. In Lacs)</i>	<i>4446.76</i>		<i>2683.34</i>	
<i>Office expenses</i>	<i>1,63,965</i>	<i>0.04</i>	<i>1,56,294</i>	<i>0.06</i>
<i>Printing & Stationery Expenses</i>	<i>47,455</i>	<i>0.01</i>	<i>28,720</i>	<i>0.01</i>
<i>Packing Expenses</i>	<i>2,20,575</i>	<i>0.05</i>	<i>14,210</i>	<i>0.01</i>
<i>Sales promotion expenses</i>	<i>3,50,260</i>	<i>0.08%</i>	<i>10,308</i>	<i>0.001</i>
<i>Staff welfare expenses</i>	<i>2,76,364</i>	<i>0.06</i>	<i>89,546</i>	<i>0.03</i>
<i>Vehicle Running & Maintenance Expenses</i>	<i>3,35,530</i>	<i>0.08</i>	<i>56,570</i>	<i>0.02</i>
<i>Tour & Travelling Expenses</i>	<i>82,549</i>	<i>0.02</i>	<i>1,51,805</i>	<i>0.06</i>

7. Keeping in view the argument addressed by the assessee before Ld. CIT(A), the expenses claimed in the earlier year and the fact that assessee’s case is covered under tax audit report, we are of the considered view that disallowance in this case should be to the extent of 5% of the expenses claimed keeping in view the

personal element involved to meet with the ends of justice.

Consequently, appeal filed by the assessee is partly allowed.

Order pronounced in open court on this 27TH day of July, 2021.

Sd/-

(O.P.KANT)

ACCOUNTANT MEMBER

Dated the 27th day of July, 2021

Binita

sd/-

(KULDIP SINGH)

JUDICIAL MEMBER

Copy forwarded to:

- 1.Appellant
- 2.Respondent
- 3.CIT
- 4.CIT
- 5.CIT(ITAT), New Delhi.

AR, ITAT
NEW DELHI.