

| आयकर अपीलीय अधिकरण न्यायपीठ, कोलकाता |
IN THE INCOME TAX APPELLATE TRIBUNAL
"C" BENCH, KOLKATA

BEFORE SHRI SANJAY GARG, HON'BLE JUDICIAL MEMBER
&
SHRI RAJESH KUMAR, HON'BLE ACCOUNTANT MEMBER

I.T.A. No. 2568/Kol/2019
Assessment Year: 2013-14

Binayak Hi-Tech Engineering Ltd. 117/2, Mirpara Road, Bhattanagar Liluah Howrah - 711203 [PAN : AABCB2869G]	Vs	Income Tax Officer, Ward-6(1), Kolkata
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अपीलार्थी/ (Appellant)		प्रत्यर्थी/ (Respondent)
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Assessee by :	Shri Miraj D. Shah, A/R
Revenue by :	Smt. Ranu Biswas, Addl. CIT, D/R

सुनवाई की तारीख/Date of Hearing : 27/03/2023
घोषणा की तारीख /Date of Pronouncement: 29/03/2023

आदेश/ORDER

PER RAJESH KUMAR, ACCOUNTANT MEMBER :

This is the appeal preferred by the assessee against the order of the Learned Commissioner of Income Tax (Appeals)-11, Kolkata (hereinafter referred to as the Ld. CIT(A)"), passed u/s 250 of the Income-tax Act, 1961 (hereinafter the 'Act'), dated 30/10/2019 for the Assessment Year 2013-14.

2. Ground No. 1 is general in nature and requires no adjudication.
3. The Id. Counsel for the assessee, at the outset submitted that he is not pressing Ground No. 2 and the same is dismissed as such.
4. The issue raised in Ground No. 3 is against the confirmation of addition by the Id. CIT(A) of Rs.6,41,980/-, as made by the Assessing Officer on account of foreign travel expenses.
5. Brief facts of the case are that the Assessing Officer during the course of assessment proceedings found that all three directors of the assessee company travelled abroad and incurred expenditure by way of air tickets,

dollar purchases, hotel charges etc. Similarly, one relative of the director Priyanka Jhunjhunwala also visited Germany and Dubai and some expenditure was incurred. The Assessing Officer noted that Priyanka Jhunjhunwala, is a relative of the director of the assessee company and disallowed the entire amount of expenditure of Rs.6,41,980/- incurred on account of foreign travel. The Id. CIT(A) simply affirmed the order of the Assessing Officer.

6. After hearing rival contentions and perusing the material available on record, we hold as follows:-

7. The assessee is engaged in the business of manufacturing and export of steel & alloy pipes and allied products. The assessee company has directors who have to undertake foreign travel frequently. We note that the foreign travel was for the purpose of business. We find merit in the contention of the Id. A/R that these expenses fall within the ambit of Section 37 of the Act. Considering this, we are inclined to set aside the order of the Id. CIT(A) and deleted the addition of Rs.6,41,980/-. Accordingly, Ground No. 3 of the assessee is allowed.

8. The issue raised in Ground No. 4 is against the confirmation of addition by Id. CIT(A) of Rs.5,25,621/- on account of sales promotion expenses as made by the Assessing Officer.

9. The Assessing Officer observed from the evidence furnished by the assessee that during the year, the assessee has incurred sales promotion expenses to the tune of Rs.10,51,242/-. The Assessing Officer noted that these payments were made towards payment of credit card bills of Ms. Priyanka Jhunjhunwala and also for purchase of snacks, restaurant bill, cake shop Kookie Jar, purchase of dresses etc. as well as payments made by directors

towards restaurant bills. The Assessing Officer concluded that these expenses were personal in nature and added 50% of these sales promotion expenses at Rs.5,25,621/-.

10. We find that Ms. Priyanka Jhunjhunwala is an employee of the assessee company and the Id. Counsel for the assessee submitted before us that the expenditure was incurred to entertain and treat the customers, clients and staff, with a view to promote the sales of the assessee company. The Id. Counsel for the assessee submitted that keeping in view the nature of business of the assessee company, the sales promotion expenses are reasonable. Considering the facts on record as well as the submission of both the sides, we are convinced that the expenses incurred were for the purpose of promoting the sales of the assessee company. Accordingly, we set aside the order of the Id. CIT(A) and delete the addition of Rs.5,25,621/- on account of sales promotion expenses. Accordingly, Ground No. 4 raised by the assessee is allowed.

11. All other grounds raised by the assessee are general in nature.

12. In the result, appeal of the assessee is allowed.

Order pronounced in the Court on 29th March, 2023 at Kolkata.

Sd/-

**(SANJAY GARG)
JUDICIAL MEMBER**

Sd/-

**(RAJESH KUMAR)
ACCOUNTANT MEMBER**

Kolkata, Dated 29/03/2023

SC S.P.

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. संबंधित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि , आयकर अपीलीय अधिकरण, कोलकाता/DR,ITAT, Kolkata,
6. गार्ड फाईल /Guard file.

आदेशानुसार/ BY ORDER,
TRUE COPY

Assistant Registrar
आयकर अपीलीय अधिकरण
ITAT, Kolkata