

THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH : D : NEW DELHI

BEFORE SHRI R.K. PANDA, ACCOUNTANT MEMBER
AND
MS SUCHITRA KAMBLE, JUDICIAL MEMBER

ITA No.6599/Del/2014
Assessment Year: 2011-12

ACIT,
Central Circle-7,
New Delhi.

Vs. Karam Chand Rubber Industries
(P) Ltd.,
R/o D-1039, New Friends Colony,
New Delhi.

PAN: AAACK4889J

(Appellant)

(Respondent)

Assessee by	:	Shri P.C. Yadav, Advocate
Revenue by	:	Shri Vijay Verma, CIT, DR
Date of Hearing	:	04.10.2018
Date of Pronouncement	:	12.12.2018

ORDER

PER R.K. PANDA, AM:

This appeal by the Revenue is directed against the order dated 30th September, 2014 of the CIT(A)-31, New Delhi relating to Assessment Year 2011-12.

2. The facts of the case, in brief, are that the assessee is a company engaged in the business of manufacturing of cycle/rickshaw rims. A search u/s 132 of the IT Act was carried out at M/s Dhirani group of cases on 28th July, 2011 during which the business premises of the assessee was also covered. In response to notice u/s 153A of the IT

Act dated 21st May, 2012, the assessee filed its return of income on 13th June, 2012 declaring total income of Rs.46,05,820/-. In response to notice u/s 142(1)/143(2), the assessee filed the requisite details as called for by the Assessing Officer from time to time.

3. The Assessing Officer, during the course of assessment proceedings, observed that the assessee has purchased nickel from the below mentioned four parties, the details of which are as under:-

S.No.	Name of the entity	F.Y. (in which the transaction is related)	Amount of purchases (Rs.)
1	Amit Trading Co. Shop No.2263/68/7, G.F. Gali Hingabeg, Khari Baoli, Delhi.	2010-11	43,47,750
2	Hari Om Trader, 86-A, Bank Colony, Mandoli, Delhi.	2010-11	1,16,24,236
3.	Shivam Traders, 105, 1 st floor, C-17, Guru Nanak Pura, Laxmi Nagar, Delhi.	2010-11	70,67,212
4	Vardhaman Trading Co. No.28, Chander Gupt Complex, Laxmi Nagar, Delhi.	2010-11	49,41,659
	Total		2,79,80,857

4. In the course of post search enquiry, summons u/s 131 of the IT Act were issued to the above four parties from whom the assessee has made the purchases. However, the summons were returned unserved by the Postal Authorities. The Assessing Officer, therefore, asked Shri Vikram Dhirani, Director of the assessee company to produce the above four parties for his examination. Since Shri Dhirani failed to produce the above four parties, the Assessing Officer conducted the enquiry

through the Inspector of the Unit who reported that such concerns/firms could not be located. He further reported that these parties never existed at the address provided by the assessee. From the verification of books of account, the Assessing Officer noted that while routine payments were made to other entities from 7 to 30 days of the date of issue of the bills, however, in the case of the above four parties, the payments were made on the very next day of raising the bill. The Assessing Officer recorded the statement of Shri Dhirani and confronted him about the discrepancies of non-existence of parties at the given address as well as the unusual manner of payments to these parties. He extracted some of the questions put to him and the reply given by Shri Dhirani in the body of the assessment order and observed that the reply given by Shri Dhirani was casual and evasive. He, therefore, issued a questionnaire to the assessee asking him to furnish the complete details regarding correct/latest addresses, PANs in respect of the four parties, etc. The Assessing Officer asked the assessee to prove the identity and credit worthiness of the parties and the genuineness of the transactions. The assessee, in response to the same, vide its letters on various dates, stated that the transaction is genuine. The assessee furnished the details like copy of Form No.C issued by the Asstt. Commissioner, Commercial, Ghaziabad and copy of VAT return filed by the assessee company to prove the purchases, etc. However, the Assessing Officer rejected the same on the ground that these details do not prove the existence of the parties nor about their genuineness. Relying on the report given by the Investigation Wing as well as the report of Ward Inspector, the Assessing Officer held that the assessee failed to prove the identity and genuineness of the parties from whom

purchases amounting to Rs.2,79,80,857/- has been made. He, therefore, treated the same as unexplained and added to the total income of the assessee.

5. Similarly, the Assessing Officer noted that the assessee has paid salary to Smt. Shibani Khosla, who is sister of Shri Vikram Dhirani and, therefore, she falls under the definition of section 40A(2)(b). The Assessing Officer recorded the statement of Smt.Khosla u/s 131 of the IT Act on 13th October, 2011 in the course of post search proceedings. In absence of any convincing reply given by her to justify the payment of salary to her by the assessee company, the Assessing Officer, rejecting the various explanation given by the assessee disallowed the entire salary paid to Mrs. Khosla amounting to Rs.4,20,000/-. The Assessing Officer also made addition of Rs.1,01,075/- on account of foreign travelling expenses. However, the same is not under dispute, therefore, we are not concerned with this. The Assessing Officer, accordingly, determined the total income of the assessee at Rs.3,31,07,750/-.

6. Before the CIT(A), the assessee strongly challenged the order of the Assessing Officer. So far as the disallowance of purchases amounting to Rs.2,79,80,857/- is concerned, it was submitted that the assessee is engaged in the business of manufacturing cycle/cycle rims. It was submitted that during the course of assessment proceedings, the assessee had given the item-wise break-up of each and every purchase item along with comparative figures of the previous years. The total purchases made during the year was of Rs.30,37,93,909/-. The above total purchase includes the purchases made from the four parties which were disallowed by the

Assessing Officer. The assessee submitted that all the four dealers are duly registered with the Department of Trade and Taxes. Copies of the data available at the website of the department was submitted before the CIT(A). Copies of the ledger account of the four parties in the books of account of the assessee company were filed and it was argued that all the payments have been made by account payee cheque/bank draft. Sample copies of the bills raised by those parties were submitted and it was stated that the bills contained the complete address of the parties, their TIN Nos., etc. Further, the purchases have been made against C Forms which have been duly issued by the assessee company. It was argued that the purchases and details of the C Forms issued have been reflected in the VAT return filed by the company. Copies of Form No.XXXVIII of the Department of Commercial Taxes which are to accompany each consignment of goods that enters UP from outside the State were submitted and it was stated that these forms, *inter alia*, contain details of the transporter, truck no., name of the driver, address of the driver and even his licence no. The sellers of the goods were indicated in these forms. It was submitted that the copy of the Form-C which is issued by the ACIT, Commercial Taxes, Ghaziabad, was issued by the assessee company to the seller. The copy of the UP VAT return filed by the assessee company which clearly shows the material supplied by his supplier was also submitted. So far as the report of the Inspector is concerned, it was submitted that the assessee has already filed the necessary evidence to establish the genuineness of the purchases. The assessee further submitted the details of the last purchases made by it from the four parties in question. It was argued that the search was conducted at the premises of the

assessee in July, 2011 and it is possible that when the Inspector visited the parties during the post search proceedings, the parties were not available at the above address as they had already discontinued their business. The decision of the Mumbai Bench in the case of *DCIT vs. Shri Rajeev G. Kalathil*, vide *ITA No.6727/Mum/2012*, Order dated 20.08.2014 was relied upon. Various other decisions were also brought to the notice of the CIT(A).

7. Based on the arguments advanced by the assessee, the Id.CIT(A) deleted the addition by observing as under:-

“4.4.12 I have considered the submissions of the AR and the assessment order. The AO has not referred to any seized documents on the basis of which any adverse conclusion could have been arrived at in respect of the said 4 suppliers. The main reason for holding the purchases as bogus, is the non-availability of the suppliers at the given addresses. There is no finding that the assessee did not make the payments nor that any payments have been made otherwise than through banking channels. There is also no finding that there was no movement of goods. There is also no finding that the raw materials supposed to have been purchased from these 4 parties have not been utilized in the manufacturing process.

4.4.13 The appellant has substantiated the purchases by providing the documents such as purchase invoices, copy of the ledger accounts, evidences for having made payments through banking channels, C Form issued to the suppliers, copy of the VAT return duly reflecting the said purchases. Appellant has also submitted the copies of Form XXXVIII of Department of Commercial Taxes which accompanies each consignment of goods that enter Uttar Pradesh from outside the state. These forms contain many other details such as name of the seller of goods details of the transporter, truck no., the name of the driver, the addresses of the driver and even his license no etc. There is no finding of the AO that these are bogus details.

4.4.14 When the appellant furnishes the documents of the nature described in the previous paragraphs, the initial burden cast upon him to prove the purchases gets discharged. The buyer of goods is required to keep copy of invoices and payment details to show that he has incurred expenditure by way of purchase of goods. In the present case, there is no dispute that the appellant was having all the necessary documents including documents to be submitted to the Commercial

Tax Authorities. The AO has disallowed the purchases merely on the ground that the suppliers were not traceable at the given addresses. Such an action of the AO cannot be sustained. Non-availability of the suppliers at the given addresses could be for several reasons including shifting of their premises or closing down of the business. As such, there is no requirement under the law that the buyer of goods should continue to keep track of the seller's whereabouts. However, in the present case there are many evidences such as payments made through banking channels, reflection of purchases in the VAT returns filed before the Commercial Tax Authorities and Form XXXVIII containing several details including of the transporter truck no. etc. which support appellant's version. There is no finding that any of the details contained in any of these forms are bogus. There is also no evidence or allegation even that the payments made by the assessee have been received back by him. There is no finding that the goods were not used in the manufacturing activity. In this kind of scenario it can only be said that the disallowance has been made only on the basis of suspicion arising out of non-traceability of the suppliers at the given addresses. However, such suspicion alone cannot be a valid basis for making disallowances.

4.4.15 The judicial opinion is uniformly in favour of the appellant as regards the onus cast upon the assessee in respect of purchases. The assessee cannot be asked to produce the supplier of goods. The supplier is duly registered with the Commercial Taxes Department. Without adverse evidences in the documents submitted or the affairs conducted by the assessee, such action cannot be resorted to. Further, when there is no finding that the material purchased has not been utilized in the production process, the AO cannot doubt the purchases duly accounted in the audited books of with supporting documents. The AO has misunderstood the requirements of law cast upon the assessee in case of purchase of goods. The AO has asked the assessee to prove the identity, genuineness and credit worthiness of these suppliers (3rd line of 2nd para on page 4 of the assessment order) as if it is a case of cash credits or unsecured loan.

4.4.16 The non-availability of a party at the given addresses could be one of the grounds for initiation of investigation. The transaction could be finally held as bogus only after material facts disproving the contents of the documents etc. are established. In the present case, AO has failed to bring on record any material facts disproving the facts submitted by the assessee. The initial onus had been duly discharged by the assessee by submitting duly audited books of accounts and various documents. It was for the AO, to have brought on record any evidences to disprove the contents of the books of accounts and documents. Failure of the assessee to produce the parties for verification or making immediate payments can't be grounds for making disallowances. They could only lead to a suspicion that the purchases could be bogus. But nothing more. However, suspicion cannot be the sole ground for disallowing the purchases. Hence the disallowance of purchases is hereby deleted. Ground on the issue is allowed.”

8. So far as the salary to the sister of the assessee is concerned, it was argued that the Assessing Officer had been duly informed that Smt. Shibani Khosla was looking after the routine office work and was employed as Administrative officer. As on the date of recording of the statement u/s 131, she had already left the service for more than six months. Further, the assessee had duly deducted Rs.21,000/- as TDS from the payments made to her and had issued Form No.16 which is part of her return of income filed by her. It was argued that besides having salary income, she was also having rental income, income under the head 'Capital gains' and 'Income from other sources.' She declared income of Rs.16,31,215/- which attracts the same rate of tax at which the assessee was being taxed and, therefore, there was no loss of revenue and there was no tax planning as such in the payments made to Smt. Shibani Khosla. Relying on various decisions, it was submitted that the disallowance made by the Assessing Officer is incorrect.

9. Based on the arguments advanced by the assessee, the Id.CIT(A) gave part relief to the assessee by observing as under:-

“4.3.6 I have considered the submissions of the AR and the assessment order. The correct time to elicit the true facts behind any transaction would be when a person is contacted and statement recorded before anybody tutors him or her. In the present case statement u/s 131 has been recorded wherein Smt. Shibani Khosla was unable to give simple details such as when she had joined the service. The A.O. has also noted that for the jobs such as maintenance of office block, garden and housekeeping of the office, no one would pay Rs. 60,000/- per month. During the assessment proceedings also, as such, no particular evidences were filed nor any details of duties were explained by the appellant to establish that Smt. Shibani Khosla had really worked as administrative officer in the company. Further, Smt. Shibani Khosla is a blood relative (daughter) of the MD of the appellant company. Therefore, there is a higher degree of onus cast upon the assessee to establish that the payments to her were made wholly and

exclusively in return for the services rendered by her. In this regard it must be held that the appellant has not been able to sufficiently establish that the entire amount paid to Smt. Shibani Khosla was in return for the services rendered by her or that it was not in excess for the services rendered by her.

4.3.7 However, I do not find merit in AO's action in completely disbelieving that Smt. Shibani Khosla was employed by the company and that the payments made to her were related to the business of the company. It is not unusual for a daughter of MD to be paid salary. It is also not unusual that no body, in particular, was reporting to her. It is noted that being a related party transaction the onus was on the appellant to have brought on record sufficient evidences to establish the justification for making such large sum of salary payment to the daughter of the MD of the appellant company. Again the AO has not been able to adduce sufficient evidences to disprove that Ms. Shibani Khosla assisted the MD of the company. AO has noted that the kind of work claimed to have been rendered by Mrs. Khosla could have fetched her Rs. 3000 - 5000/- per month in an industrial area of Gaziabad. I, however, consider, the same to be not based on any material evidence. The person is daughter of the MD and her very presence could be a big benefit to the MD in looking after the affairs, as he can rely on her /trust her being his own daughter. Considering all the factors, I am of the view that ends of justice would be met if payment of salary at the rate of Rs. 15,000/- per month is allowed for the kind of job she might have done and the balance is disallowed. In the result assessee gets a relief of Rs. 1,80,000/-."

10. Aggrieved with such order of the CIT(A), the Revenue is in appeal before the Tribunal by raising the following grounds:-

- “1. The order of Ld. CIT(A) is not correct in law and facts.
2. On the facts and circumstances of the case, the Ld. CIT(A) has erred in law in deleting the addition of Rs. 2,79,80,857/- made by the Assessing Officer on account of disallowance of purchases treated as bogus nature.
3. On the fact and circumstances of the case the Ld. CIT(A) has erred in law in deleting the addition of Rs. 1,80,000/- out of total addition of Rs. 4,20,000/- made by AO on account of disallowance of salary.
4. The appellant craves leave to add, amend any/all grounds of appeal before or during the course of hearing of the appeal.”

11. The Id. DR strongly opposed the order of the CIT(A) deleting the addition on account of bogus purchase and substantial relief in the salary paid to the related party. So far as the deletion of the addition made by the Assessing Officer on account of bogus purchase is concerned, he submitted that enquiries regarding parties were made in post search enquiries and none of the parties were found at the address provided by the assessee. This fact was also confronted to the assessee on 4th November 2011 itself which is within eight months of the close of the financial year. Still these parties were not traceable and no information regarding them could be found on visiting the premises by the Ward Inspector. Referring to page 4 and 5 of the assessment order, he submitted that during assessment proceedings, enquiries were again conducted. However, the premises of Vardhaman Trading Company could not be located while in the case of Shivam Traders, the local enquiry resulted in the information that no such concern existed there. He submitted that this information was given by a person who has been running a stationery shop in that area for the last 11-12 years. Similar information was gathered in respect of Amit Trading Co. So far as Hari Om Trader is concerned, they stayed there only for one month without doing any activity. He submitted that although the assessee in its paper book on pages 30-48 has enclosed ledger accounts of these parties, sample bills and VAT registration, however, it does not contain VAT registration of Hari Om Traders. Only the TIN is mentioned in the copy of the bill enclosed. He submitted that the print out from the website of the Government of NCT, Delhi of the bills shows the status of the said concern as 'cancelled.' So far as the other three concerns are concerned, he submitted that the

registration status shows as 'cancelled.' Further, these concerns have been defaulters in filing their quarterly returns. These three concerns were registered in A.Y. 2010-11 i.e., just a year before. All these facts confirm that the concerns were not genuine concerns. He accordingly, submitted that merely because the payments have been made through banking channel the same does not establish the genuineness of purchases.

12. Referring to the decision of the Hon'ble Supreme Court in the case of *N.K. Proteins Ltd. vs. DCIT*, reported in 83 TTJ 904 (Ahmedabad) he submitted that the SLP filed by the assessee was dismissed and the decision of the Hon'ble Gujarat High Court was confirmed and the entire undisclosed income generated out of bogus transaction was added to the total income. He also relied on the decision of the Ahmedabad Bench of the Tribunal in the case of *Vijay Proteins Ltd. vs. ACIT* reported in 58 ITD 428. So far as the relief granted on account of disallowance of salaries is concerned, he submitted that the Assessing Officer was fully justified in disallowing the whole amount and the CIT(A) was not justified in deleting an amount of Rs.1,80,000/- out of the addition of Rs.4,20,000/- made by the Assessing Officer.

13. The ld. counsel for the assessee, on the other hand, heavily relied on the order of the CIT(A). He submitted that the Assessing Officer has not made any independent enquiries but heavily relied on the findings of the Investigation Wing. He submitted that it is an admitted fact that a search was conducted which is a serious invasion in the privacy of an assessee and, therefore, assessment in such type of cases has to be

made strictly on the basis of material gathered during the course of search. However, in the instant case, no evidence whatsoever was found during the course of search which would show that the assessee has received the amount of purchases from the respective buyers by way of any under hand dealing settlements. He submitted that the Assessing Officer has not referred to any seized documents on the basis of which any adverse conclusion could have been arrived at in respect of the said four suppliers. He submitted that all these payments were made through banking channel. However, the Assessing Officer has disallowed the purchases mainly on the ground of non-availability of the suppliers at the given addresses. However, there is no finding by the Assessing Officer that the assessee did not make the payments nor that there was no movement of goods. There is also no finding that the raw materials supposed to have been purchased from these four parties have not been utilized in the manufacturing process. Since the Assessing Officer has accepted the sales and net result reflected by the assessee in its audited balance sheets, therefore, the addition could not have been made on account of bogus purchases.

14. The ld. counsel further submitted that the assessee has substantiated the purchases by providing the documents such as purchase invoices, copy of the ledger accounts, evidences for having made payments through banking channels, C Form issued to the suppliers, copy of VAT return duly reflecting the said purchases, etc. The assessee has also submitted the copies of Form No.XXXVIII of the Department of Commercial Taxes which accompanies each consignment of goods that enters Uttar

Pradesh from outside the State. These forms contain many other details such as name of the seller of the goods, details of the transporter, truck number, the name of the driver and the address of the driver and even the licence no. of the driver, etc. There is neither any finding of the Investigation Wing nor that of the Assessing Officer that the details furnished by the assessee are bogus. Thus, the assessee, in the instant case, has discharged the initial burden cast on it to prove the genuineness of the purchases. The buyer of goods is required to keep copy of invoices and payment details to show that it has incurred the expenditure by way of purchase of goods. Therefore, merely because the supplier was not traceable at the given address the same cannot be a ground to make the addition in the facts of the present case especially when the Assessing Officer had made his conclusion merely on the finding of the Investigation Wing that the supplier was not traceable. He submitted that there may be hundreds of reasons for the non-availability of the sellers at the given address. Further, there is no requirement under the law that the buyer of goods should continue to keep track of the sellers' whereabouts. Since the assessee, in the instant case, has discharged the onus cast on it by proving the purchase of goods and since such materials purchased were consumed by the assessee, the payments having been made through banking channels and the books of the assessee were audited and nothing adverse was found during the course of search that the money has come to the assessee indirectly or directly, therefore, the addition made by the Assessing Officer was not justified and the CIT(A) was fully justified in deleting the addition.

15. We have considered the rival arguments made by both the sides and perused the material available on record. We have also considered the various decisions cited before us. We find the Assessing Officer in the instant case made addition of Rs.2,79,80,857/- on account of bogus purchases from the four parties, the details of which are given at para 3 of this order on the ground that those concerns were not existing at the given address and the assessee failed to produce the parties despite being asked. We find the Id.CIT(A) deleted the addition, the reasons for which are reproduced in the preceding paragraphs. It is the submission of the Id. DR that when the concerned parties were not available at the given address as found by the department during the post search enquiries and since the assessee failed to produce these parties to prove their identity, credit worthiness and genuineness, therefore, the Id.CIT(A) was not justified in deleting the addition so made. It is the submission of the Id. counsel for the assessee that merely because those parties were not traceable at the given address, addition cannot be made on account of such purchases, especially when such payments were made through banking channels and the assessee has substantiated the purchase by providing the documents such as purchase invoices, copy of the ledger accounts, evidences for having made payments through banking channels, C Form issued to the suppliers, copy of VAT return duly reflecting the said purchases, copy of Form No.XXXVIII issued by the Commercial Tax Department containing the name of the seller of the goods, details of the transporter, truck number, name and address and licence number of the driver etc. There is also no finding that

the raw materials purchased from the above parties have not been utilized in the manufacturing process and sales have been accepted by the Revenue.

16. We find merit in the above argument of the Id. counsel for the assessee. It is an admitted fact that during the course of search nothing adverse was found from the premises of the assessee regarding the purchases made from the four parties concerned. Only during post search enquiry it was found that those four parties are not available at the given address. However, it is a fact that the payments have been made through banking channel and the assessee had substantiated the purchases by providing documents such as purchase invoices, copy of the ledger accounts, evidences for having made payments through banking channels, C Form issued to the suppliers, copy of VAT return duly reflecting the said purchases, etc. The assessee has also submitted the copies of Form No.XXXVIII of the Department of Commercial Taxes which accompanies details of each consignment of goods that enters Uttar Pradesh from outside the State. None of these documents have been proved to be false or untrue and thus, the initial burden cast on the assessee was duly discharged. No doubt, those four parties were not available at the given address at the time of enquiry by the Inspector. However, it is also an admitted fact that the enquiries were conducted at a later stage and there may be a number of reasons for those parties to shift their place of business. From the submissions made by the Id. DR, we find the names of those parties were existing at the website of the Government of NCT, Delhi earlier, but, at the relevant time of enquiry, the status of the concerns was shown as 'cancelled.' This indicates that at some point of time, these concerns were very much

available in the website of Government of Delhi and, therefore, it cannot be said that these firms are bogus when the assessee purchased the goods and made the payments through banking channel and the assessee substantiated all the necessary documents which is required to be kept such as purchase invoices, ledger accounts, C Form issued to the suppliers, Form No.XXXVIII of the Department of Commercial Taxes which accompanies details of each consignment of goods that enters Uttar Pradesh from outside the State. In our opinion, the assessee in the instant case has discharged the initial onus cast on it. Under these circumstances and in view of the detailed reasoning given by the CIT(A) while deleting the addition, we do not find any infirmity in the order of the CIT(A). So far as the decision in the case of N.K. Proteins Ltd., is concerned, in that case, during the course of search proceedings at the office premises of the assessee blank signed cheque books and vouchers of number of concerns were found. Accordingly, the purchases made through these concerns were treated as bogus purchases by the Assessing Officer and the entire deposits in bank accounts of these parties were treated as assessee's income on protective basis. The Tribunal restricted the addition on account of such alleged bogus purchases at 25% of the total purchases and the Hon'ble High Court modified the order of the Tribunal and directed for addition of the entire bogus purchases. However, in the instant case, no such blank cheque books and vouchers of the alleged four concerns have been found. Therefore, the decision in the case of N.K. Proteins Ltd. cannot be applied to the facts of the present case. Similarly, in the case of Vijay Proteins Ltd., the purchases were made through brokers and such documents relating to the brokers were produced for the first

time before the CIT(A) and it was also found that there was close link between the assessee company and one Mr. P. Therefore, the above decision relied on by the Id. DR is also not applicable to the facts of the present case. In view of the above discussion, we do not find any infirmity in the order of the CIT(A) deleting the above addition on account of the purchase from the four parties. Accordingly, the order of the CIT(A) is upheld and the ground of appeal No.2 of the Revenue is dismissed.

17. So far as ground No.3 is concerned, we find the Assessing Officer disallowed the entire addition of Rs.4,20,000/- paid to Smt. Shibani Khosla by invoking the provisions of section 40A(2)(b) of the IT Act and in appeal, the Id.CIT(A) deleted the addition of Rs.1,80,000/-, the reasons for which has already been given in the preceding paragraphs. We find from the order of the A.O. that Smt. Shibani Khosla was receiving salary and bonus from assessment year 2006-07 to 2010-11 ranging from Rs.3,74,000/- during financial year 2006-07 which has gone up to Rs.7,80,000/- in assessment year 2010-11. Even in the assessment order while the A.O. mentions that the kind of work rendered by Mrs. Khosla would have fetched her Rs.3000/- to 5000/- per month in an industrial area of Ghaziabad. Thus, the A.O is not saying that Mrs. Khosla has not done any work for the assessee company. Therefore, he could not have disallowed the entire salary. Since the Id. CIT(A) after considering the totality of the facts of the case has restricted Rs.1,80,000/- as against Rs.4,20,000/- disallowed by the A.O., we are of the considered opinion that the order of the Id.CIT(A) is justified under the facts and circumstances of the case. Accordingly, the same is upheld and the ground raised by the Revenue is dismissed.

18. Ground of appeal No.1 being general in nature is dismissed.
19. In the result, the appeal filed by the Revenue is dismissed.

The decision was pronounced in the open court on 12.12.2018.

Sd/-

(SUCHITRA KAMBLE)
JUDICIAL MEMBER

Sd/-

(R.K. PANDA)
ACCOUNTANT MEMFBER

Dated: 12th December, 2018

dk

Copy forwarded to

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asstt. Registrar, ITAT, New Delhi