

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH: 'F' NEW DELHI**

(THROUGH VIDEO CONFERENCE)

BEFORE SHRI N. K. BILLAIYA, ACCOUNTANT MEMBER

AND

MS SUCHITRA KAMBLE, JUDICIAL MEMBER

I.T.A .No. 6745/DEL/2017 (A.Y 2014-15)

M/s PAD COM LLP C/o. R.B.Arora & Co., DSM-127, DLF Towers, ShivajiMarg, Moti Nagar, New Delhi PAN : AAOFP9369B (APPELLANT)	Vs	ACIT Circle-36(1) New Delhi (RESPONDENT)
--	----	--

Appellant by	Sh. Somil Agarwal, Adv
Respondent by	Sh. Rakesh Gupta, Sr. DR

Date of Hearing	19.08.2020
Date of Pronouncement	20.08.2020

ORDER

PER N.K.BILLAIYA, AM

This appeal by the assessee is preferred against the order of the Ld. CIT(A)-25, New Delhi dated 20.09.2017 pertaining to Assessment Year 2014-15.

2. The solitary grievance of the assessee is that the CIT(A) erred in upholding the disallowance of Rs. 2.55 lacs.

3. Briefly stated the facts of the case are that the appellant is a Limited Liability Partnership whose return was selected for scrutiny assessment under CASS and accordingly statutory notices was issued and served upon the assessee.

4. During the course of the scrutiny assessment proceedings the AO noticed that the assessee has received Rs. 1.17 crores as rent and has also shown income from fixed deposit Rs. 2,22,579/-. The AO further observed that the assessee has claimed a business loss of Rs. 2,55,125/-. The AO was of the opinion that since the assessee is not having any business there should not be any claim of business expenditure.

5. Accordingly, the assessee was asked to explain the claim of business expenditure. In its reply the assessee stated that an amount of Rs. 2.50 lacs has been paid as auditors remuneration and Rs. 5,125/- has been spent on survival expenses of the company which includes bank charges, printing and stationery and other miscellaneous expenses.

6. The submission of the assessee did not find any favour with the AO who was of the firm belief that since statutory deduction @ 30% has been allowed u/s 24(1)(a) of the Act, the business expenditure as claimed is not allowable. The AO made the addition of Rs. 2,55,125/-.

7. Assessee carried the matter before Ld. CIT(A) but without any success.

8. Before us the counsel for the assessee vehemently stated that to maintain the corporate status the assessee had to incur expenses for the survival of its business. It is the say of the counsel that auditors remuneration is only to comply with the statutory requirements, filing of annual reports and preparation of financial statements, therefore, the expenditures deserve to be allowed. Per contra, the DR strongly supported the finance of the AO.

9. We have carefully considered the orders of the authorities below. It is true that to maintain the status of Limited Liability Partnership the assessee has to incur expenditure to comply with the statutory requirements and hence a reasonable expenditure has to be allowed. In our considered opinion, a reasonable expenditure of Rs. 1 lac should meet the ends of justice and to put an end to the litigation. We accordingly direct the AO to allow the expenditure of Rs. 1 lac., the assessee shall get part relief.

10. In result the appeal filed by the assessee is partly allowed.

Order pronounced in the Open Court on 20th August, 2020.

Sd/-

**(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

Sd/-

**(N. K. BILLAIYA)
ACCOUNTANT MEMBER**

Dated: 20/08/2020

Binita

Copy forwarded to:

- 1.Appellant
- 2.Respondent
- 3.CIT
- 4.CIT(Appeals)
- 5.DR: ITAT

ASSISTANT REGISTRAR

ITAT NEW DELHI

Date of dictation	20 .08.2020
Date on which the typed draft is placed before the dictating Member	20 .08.2020
Date on which the typed draft is placed before the Other Member	20 .08.2020
Date on which the approved draft comes to the Sr. PS/PS	20 .08.2020
Date on which the fair order is placed before the Dictating Member for pronouncement	20 .08.2020
Date on which the fair order comes back to the Sr. PS/PS	20 .08.2020
Date on which the final order is uploaded on the website of ITAT	20 .08.2020
Date on which the file goes to the Bench Clerk	20 .08.2020
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	