In the High Court of Punjab and Haryana, at Chandigarh

Income Tax Appeal No. 215 of 2014

Date of Decision: 29.7.2015

Commissioner of Income Tax, Faridabad

... Appellant(s)

Versus

M/s Ram Gopal & Sons

... Respondent(s)

CORAM: HON'BLE MR. JUSTICE S.J. VAZIFDAR, ACTING CHIEF JUSTICE.
HON'BLE MR. JUSTICE G.S. SANDHAWALIA.

Present: Mr. Tajender K. Joshi, Advocate
for the appellant(s).

Mr. Jagmohan Bansal, Advocate
for the respondent(s).

S.J. VAZIFDAR, A.C.J.(Oral)

1. This is an appeal against the order of Income Tax Appellate Tribunal upholding the order of the Commissioner of Income Tax (Appeals) deleting the addition of ₹ 6,72,048/- made by the Assessing Officer on account of labour charges and deleting the addition of ₹ 4,25,602/- made on account of shortage in production in respect of the assessment year 2005-06.

2. The appellant contends that the following substantial questions of law arise:-

"I. Whether on the facts and in the circumstances of the case, the ITAT was right in law in deleting the addition of ₹ 6,72,048/- made by the Assessing Officer on account of labour charges simply relying on the decision in assessee's own case in the Asstt. Year 2005-06, without appreciating the facts brought on record by the Assessing Officer.

II. Whether on the facts and in the circumstances of the case, the ITAT was right in law in deleting the addition of ₹ 4,25,602/- made on account of *shortage in production even when the assessee has not been able to justify the shortage in furnished product."*

3. Question (II) has been answered against the appellant by our order and judgment passed today in Income Tax Appeal No. 214 of 2014. This question is, accordingly, answered against the appellant.

The first question also does not arise as a substantial question of law. The assessee claimed deduction in respect of labour charges paid to about 50 labourers. The Assessing Officer reduced this amount having come to the conclusion that only a few labourers were traceable at the given addresses and some of the addresses were not even confirmed. The Tribunal kept in mind the ground realities in such cases. There were comparable results in expenses of labour charges in earlier years. The deductions were allowed to the assessee. The quantum of expenditure can be compared to the production done by the labour. The labour was engaged on piece rate bases. It was found that there was a co-relation between the production as well as the number of labour engaged. The issue really is a question of fact and appreciation of facts. We are unable to say that this analysis and the findings of the CIT(A) and of the Tribunal are perverse or absurd.

In the circumstances, the appeal is dismissed.

(S.J.Vazifdar)
Acting Chief Justice

(G.S.Sandhawalia)
Judge

July 29, 2015
"DK"