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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **ITA 1183/2017**
PRINCIPAL COMMISSIONER OF INCOME TAX-7..... Appellant

versus

R.G. BUILDWELL ENGINEERS LTD. Respondent

+ **ITA 1187/2017**
PRINCIPAL COMMISSIONER OF INCOME TAX-7..... Appellant

versus

R.G. BUILDWELL ENGINEERS LTD. Respondent

Through : Mr Sanjay Kumar and Mr Rahul Chaudhary,
Advocates for Appellant.
Mr Anuj Aggarwal with Mr Ayush Singh
Rajora, Advocates for GNCTD.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE A.K.CHAWLA

ORDER

% **22.12.2017**

CM No.47025/2017(exemption)

Allowed, subject to all just exceptions.

ITA No.1183/2017 & CM Nos.47024/2017(u/S.5 of Limitation Act)

ITA No.1187/2017 & CM No.47029/2017

1. The Revenue is aggrieved by the findings of the Commissioner of Income-Tax (Appeals) and Income Tax Appellate Tribunal (ITAT), whereby disallowances and consequent additions made on two counts, i.e. expenses claimed towards the bricks, machinery repair, cartage etc. (Rs.1.1. crores) and labour expenses (Rs.2.3

crores) were set aside.

2. The Assessing Officer (A.O.) made the additions in respect of the return of the Assessee's income of the Assessment Year 2010-2011.

3. In respect of the first item, i.e. expenses for bricks, machinery repair, cartage etc., the A.O. concluded that insufficient evidence was adduced. He, therefore, disallowed 10% of the claim. This was reduced by half by the C.I.T.(Appeals). The ITAT gave two reasons to set aside the findings of the A.O. – C.I.T.(Appeals). Firstly, that the books of account were not rejected and secondly, that in the past, consistently such expenses were allowed in scrutiny assessments. Likewise, in the case of labour cases too, identical reasons were adduced by the A.O. to bring to tax a sum of Rs.2.2 crores. The same were set aside ultimately by the ITAT.

4. This Court is of the opinion that the principal reasoning of the ITAT, i.e. omission to reject the books of account, in which event the *ad hoc* disallowance could have been adjusted and also the historical treatment of such expenses, cannot be termed as unreasonable; in support of its ultimate conclusion.

5. In these circumstances, no substantial question of law arises.

6. The Appeals are, therefore, dismissed.

S. RAVINDRA BHAT, J

A.K.CHAWLA, J

DECEMBER 22, 2017/“§n”