

## **Mere mentioning of country's name and detail of expenses does not indicate purpose of foreign travel; disallowable**

**Summary – The Ahmedabad ITAT in a recent case of Genesis Organics (P.) Ltd., (the Assessee) held that In case of company, mere mentioning name of country visited by directors alongwith mentioning of total amount of expenditure under various heads of expenses like, hotel bills, air-ticket, etc., does not indicate or establish business purpose of foreign travel expenses incurred by assessee-company Where assessee deposited tax deducted at source before due date of filing of return, provision of section 40(a)(ia) did not hit assessee's case.**

### **Facts**

- The assessee filed its return claiming deduction of foreign travel expenditure incurred on directors of company.
- The Assessing Officer rejected assessee's claim holding that assessee could not prove that said expenditure was incurred for business purpose of the company.
- The Commissioner (Appeals) confirmed a part of disallowance made by the Assessing Officer.
- On second appeal:

### **Held**

- It was found that the assessee could not prove the business purpose of the said expenditure of foreign travel. The assessee could not give any details of the business purpose of the foreign trips. The so-called details of the foreign travel expenses filed by the assessee before the revenue authorities and copy filed in the compilation on record, shows that the details consisted of amount spent on air-ticket, medi-claim charges, hotel, taxi and other expenses have been mentioned. There is no detail of places or name of cities visited by the director of the assessee-company, nor any detail of the persons or business concerns visited, was given.
- The onus to establish that the foreign trip was undertaken for business purpose is with the assessee, which the assessee has failed to discharge in this case. Mere mentioning the name of the country visited along with mentioning of the total amount of expenditure under various heads of the expenses like, hotel bills, air-ticket, etc., does not indicate or establish the business purpose of the foreign travel expenses incurred by the assessee-company.
- In the facts and circumstances of the case of the assessee, it is held that in the absence of even elementary evidence to prove the business purpose of the foreign travel undertaken by the directors of the assessee private limited company, the expenditure was rightly disallowed by the

Commissioner (Appeals), and accordingly, the order of the Commissioner (Appeals) on this issue is confirmed.