

Case restored to AO as additional evidence filed before ITAT was relevant to decide allowability of impugned exp.

Summary – The Pune ITAT in a recent case of Eaton Industries Manufacturing Gmbh., (the Assessee) held that where assessee filed additional evidence before Tribunal and same was relevant for adjudication of allowability of corporate cost of allocation expenses, matter was to be restored to file of Assessing Officer to decide issue afresh

Facts

- The assessee company had branch office in India and same was engaged in the business of identifying and evaluating raw material suppliers, providing quality assurance services to 'E' Group to ensure that quality goods are procured, to provide services in connection with collation and shipment of goods and to coordinate timely payments to Indian suppliers.
- The Assessing Officer observed that assessee had debited certain amount under the head 'corporate cost allocation'. The Assessing Officer noted that the assessee had neither produced the basis of allocation nor produced the documentary evidences for the receipt of actual services. The Assessing Officer held that assessee failed to prove the actual services received for incurring the expenditure. He, therefore, proposed disallowance under section 37(1).
- The assessee approached the DRP who upheld the action of the Assessing Officer. The Assessing Officer accordingly made addition to the total income of the assessee.
- On appeal to Tribunal:

Held

- The assessee filed an application requesting admission of the additional evidences under rule 29 of the Income Tax (Appellate Tribunal) Rules, 1963.
- The additional evidences filed by the assessee is admitted. Since these evidences go to the root of the matter for adjudication of the allowability of corporate cost of allocation expenses, the issue is restored to the file of the Assessing Officer with a direction to give one more opportunity to the assessee to explain his case. The Assessing Officer shall decide the issue afresh and as per law after giving due opportunity of being heard to the assessee. it is held and directed accordingly.