

No disallowance of repair & maintenance exp. if co. furnished PAN of all vendors as supportive doc.

Summary – The High Court of Delhi in a recent case of Rambagh Palace Hotels (P.) Ltd., (the Assessee) held that where assessee company had furnished names and PAN numbers of all vendors to whom it had paid repair and maintenance charges for their services, Tribunal was justified in allowing expenditure on account of such repair and maintenance charges

Facts

- During the year, the assessee had claimed expenditure on account of repair and maintenance charges paid by it to several parties. The Assessing Officer had allowed repair and maintenance charges paid to four parties, who had appeared before him and whose statements were recorded on oath. However, the balance repair and maintenance expenditure was disallowed to the extent of 50 per cent, on the ground of absence of supporting documents.
- On appeal, the Commissioner (Appeals) had observed that the assessee had filed parawise details of the partly disallowed repair and maintenance expense with names, PAN number of vendors and the amount paid to them. The same parties had rendered and performed services in the subsequent years. The assessee had furnished details of the foreign suppliers/supplies, with copies of bills of lading etc. during the course of assessment proceedings. Therefore, there was no justification to make disallowance of 50 per cent. However, the assessee was not able to furnish confirmation from one, GC to whom payment of certain amount was made. For this account and reason, the Commissioner (Appeals) disallowed the expenditure to the extent of 5 per cent.
- On further appeal, the Tribunal had recorded that the assessee had produced details of all vendors, including their PAN numbers, invoices raised by them, etc. Therefore, the Commissioner (Appeals) was not right in making disallowance of 5 per cent on the ground of mere suspicion.
- On appeal to the High Court:

Held

- The finding of the Tribunal deleting disallowance of 50 per cent by the Assessing Officer is primarily factual. One has quoted the reply filed by the respondent/assessee before the first appellate authority. These documents and papers were relied upon by the Tribunal and the Commissioner (Appeals). However, copies of the said documents/papers have not been filed. There is nothing to show and establish that the findings of the Commissioner (Appeals) and the Tribunal are perverse and factually incorrect.
- Given the aforesaid facts, there is no any substantial question of law arises for consideration. The appeal is accordingly dismissed.