

Foreign travel expenses of family members of directors on foreign trips is not allowable

Summary – The Delhi ITAT in a recent case of Emmsons International Ltd., (the Assessee) held that Foreign travel expenses of family members of directors on foreign trips is not allowable

Facts

- Assessee claimed foreign travel expenses incurred on travel of its directors and their family members.
- The Assessing Officer disallowed same and the Commissioner (Appeals) confirmed said disallowance.
- On second appeal:

Held

- The ITAT stated that the expenditure claimed includes expenses on account of wives of the directors as well as minor children. The assessee has also failed to explain what the commercial expediency was involved in this travel by such people and what business purpose that was served by their travel.
- Given the case, the ITAT held that the foreign travel expenses in respect of the wives, minor children and others fail the test of commercial expediency and there are no valid reasons to interfere with the findings of the authorities below on the disallowance of the foreign travel expenses.