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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ ITA 1513/2010

THE COMMISSIONER OF
INCOME TAX

..... Appellant

Through: Mr. Sanjeev Sabharwal, , Advocate

versus

LIFE LONG INDIA LTD.

..... Respondent

Through: None.

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Date of Decision: 01st October, 2010

CORAM:

HON'BLE THE CHIEF JUSTICE

HON'BLE MR. JUSTICE MANMOHAN

1. Whether the Reporters of local papers may be allowed to see the judgment? No.
2. To be referred to the Reporter or not? No.
3. Whether the judgment should be reported in the Digest? No.

MANMOHAN, J

1. The present appeal has been filed under Section 260A of Income Tax Act, 1961 (for brevity, "Act") challenging the order dated 11th September, 2009 passed by the Income Tax Appellate Tribunal (in short "Tribunal") in ITA No. 1610/Del/2009, for the Assessment Year 2005-2006.

2. The issue that arises for consideration in the present case is whether the Tribunal was justified in deleting the addition of ₹15,08,948/- made by the Assessing Officer (in short, "AO"). The said amount was paid by the respondent-assessee to Mr. Anil Solanki though



initially for setting up of a company yet was eventually utilized for purposes of marketing consultancy. The AO was of the opinion that the said expenses were not incurred for the purposes of respondent-assessee's business.

3. However, the Commissioner of Income Tax (Appeals) [in short, "CIT(A)"] deleted the aforesaid addition on the ground that the respondent-assessee had produced invoices raised by Mr. Anil Solanki towards professional services. The CIT(A) also noticed that not only had such consultancy been utilized but as a consequence of the consultancy also, the respondent-assessee's export turnover had increased multifold from ₹ 13 lacs from the earlier year to ₹ 259 lacs in the current year and as ₹ 1359 lacs for the Assessment Year 2006-2007.

4. The Tribunal vide its impugned order has confirmed the finding of the CIT(A). The relevant observations of the Tribunal are reproduced hereinbelow:-

"6. We have duly considered the rival contention of Ld. DR and perused the material on record. The Ld. CIT(A) made an observation that AO did not doubt the genuineness of the payment to Mr. Anil Solanki. In our opinion, the only area of dispute between the assessee and the AO is the suspicion of the AO about incurrence of expenses amount to Rs.15,80,948/- as business expenses. The sales of the assessee in US market had increased multifold. The assessee had availed services of Shri Anil Solanki. Though it was agreed to avail in a different format but ultimately that format could not work and these were availed under separate arrangements. Evidence exhibiting that arrangement was produced not only before the Ld. CIT(A) but before the AO as observed by the Ld. CIT(A) on page 2-3 of the impugned order. Therefore, taking into consideration the finding of the Ld. CIT(A) we



do not see any reason to interfere in it. The appeal of the revenue is dismissed.”

5. From the aforesaid fact, it is apparent that the aforesaid expenses were justified and were incurred for the benefit of the respondent-assessee's business. Consequently, the present appeal is dismissed *in limine*.

MANMOHAN, J

CHIEF JUSTICE

OCTOBER 01, 2010

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