

**IN THE INCOME TAX APPELLATE TRIBUNAL  
JODHPUR BENCH, JODHPUR**

**BEFORE DR. MITHA LAL MEENA, HON'BLE ACCOUNTANT MEMBER  
AND SHRI SUDHIR PAREEK, HON'BLE JUDICIAL MEMBER**

**ITA Nos. 777, 778 & 779/Jodh/2025  
(Assessment Years – 2020-21, 2021-22 & 2023-24)**

<b>Svaraj Trading and Agencies Ltd. Office No. 30 380/82 Amrutesshwar CHS, 2<sup>nd</sup> Floor, Jagannath Sunkersett Road, Mumbai - 400002 PAN No. AAACS 5412 R</b>		<b>Assistant Commissioner of Income Tax, Central Circle-1 Udaipur</b>
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**ITA Nos. 870, 871 & 872/Jodh/2025  
(Assessment Years – 2020-21, 2021-22 & 2023-24)**

<b>Miraj Creation Private Limited (Successor of Magenta Dealcom Pvt. Ltd. 3<sup>rd</sup> Floor, Acme Plaza-II, Andheri Kurla Road, Opposite Sangam Big Cinema, Andheri (East), Mumbai City, Mumbai-400059 PAN No. AABCL 1157 B</b>		<b>Assistant Commissioner of Income Tax, Central Circle-1 Udaipur</b>
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**ITA Nos. 746, 747, 748 & 790/Jodh/2025  
(Assessment Years – 2020-21, 2021-22, 2023-24 & 2022-23)**

<b>Mountain Vintrade Pvt. Ltd. 30, Floor-2 Plot-380/382, Nana Shankar Sheth Smruti JS Road Kalbadevi, Mumbai-400002 PAN No. AAGCM 8818 B</b>		<b>Assistant Commissioner of Income Tax, Central Circle-1, Udaipur</b>
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**ITA Nos. 749, 750, 751 & 793/Jodh/2025**  
**(Assessment Years – 2020-21, 2021-22, 2023-24 & 2022-23)**

<b>Akruti Tradehub Pvt. Ltd.</b> <b>Office No. 30, 2<sup>nd</sup> Floor 380/82</b> <b>Amruteshwar CHL Ltd. Jagnath</b> <b>Sunkersett Road Chira Bazar,</b> <b>Maharashtra-400002</b> <b>PAN No. AAKCA 9315 P</b>		<b>Assistant Commissioner of</b> <b>Income Tax, Central Circle-1,</b> <b>Udaipur</b>
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<b>Assessee by</b>	<b>Shri M.S. Jhanwar, CA and Shri Kamlesh</b> <b>Mundra, CA (Physical)</b>
<b>Revenue by</b>	<b>Smt. Seema Meena, CIT-DR (Virtual)</b>

<b>Date of Hearing</b>	<b>19 / 05 / 2026 &amp; 20 / 05 / 2026</b>
<b>Date of Pronouncement</b>	<b>03 / 06 / 2026.</b>

**ORDER**

**PER BENCH:**

This appeal by assessee is filed against the order of Ld. Commissioner of Income Tax Appeals, Udaipur-2 [hereinafter referred to CIT(A)] dated 30.07.2025, 10.07.2025 & 28.07.2025 with respect to Assessment Years 2020-21, 2021-22 & 2023-24.

2. The assessee Svaraj Trading and Agencies Ltd. has raised following grounds of appeal:

## **ITA No. 777/Jodh/2025 (Assessment Year: 2020-21)**

*1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹33,39,148/- deserves to be deleted and the impugned order quashed.*

*2. That the learned CIT(A) erred in upholding the disallowance of ₹33,39,148, being bona fide business expenditures (such salaries. as administrative expenses) rent, and incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.*

*2.1 Under the facts and circumstances of the case and in law, the ld. CIT(A) has grossly erred in confirming the disallowance of ₹23,90,181 / in respect of Salary expenses.*

*2.2 Under the facts and circumstances of the case and in law, the ld. CIT(A) has erred in upholding the disallowance of ₹84,000/- being Office Rent.*

*2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹1,19,675/- incurred on Travelling.*

*2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹1,85,415/- towards Conveyance charges.*

*2.5 Under the facts and circumstances of the case and in law, the ld. CIT(A) has erred in confirming the disallowance of ₹1,00,836/ relating to Telephone expenses.*

*2.6 Under the facts and circumstances of the case and in law, the ld. CIT(A) has erred in upholding the disallowance of ₹3,59,020/ under the head "Office Expense".*

*2.7 Under the facts and circumstances of the case and in law, the ld. CIT(A) has erred in upholding the disallowance of ₹35,880/- under the head "Advertising Charges".*

*2.8 Under the facts and circumstances of the case and in law, the ld. CIT(A) has erred in upholding the disallowance of ₹64,141/ under the head "Misc Expenses".*

*3. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)*

4. *The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.*

**ITA No. 778/Jodh/2025 (Assessment Year: 2021-22)**

1. *“Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of Rs. 30,64,577/- deserves to be deleted and the impugned order quashed.”*

2. *“That the learned CIT(A) erred in upholding the disallowance of Rs. 30,64,577, being bona fide business expenditures (such as salaries, and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.”*

3. *“That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)”*

4. *“The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.”*

**ITA No. 779/Jodh/2025 (Assessment Year: 2023-24)**

1. *“Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of Rs.28,84,255/- deserves to be deleted and the impugned order quashed.”*

2. *“That the learned CIT(A) erred in upholding the disallowance of Rs. 28,84,255, being bona fide business expenditures (such as salaries, and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.”*

3. *"Under the facts and circumstances of the case and in law, the Id. CIT(A) has grossly erred in the disallowance of Rs.23,21,940/- on account of Salary expenses as against actually claimed Rs.18,80,194/- which is also separately disallowed."*

4. *"That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)"*

5. *"The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal."*

2.1 The assessee Miraj Creations Pvt. Ltd. Has raised following grounds of appeal:

**ITA No. 870/Jodh/2025 (Assessment Year: 2020-21)**

1. *Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of Rs.6,47,104/- deserves to be deleted and the impugned order quashed."*

2. *"That the learned CIT(A) erred in upholding the disallowance of Rs.6,47,104, being bona fide business expenditures (such as salaries, rent and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law."*

3. *"That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)"*

4. *"The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal."*

**ITA No. 871/Jodh/2025 (Assessment Year: 2021-22)**

1. *“Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering are arbitrary, perverse and contrary to settled principles, and the assessment improper. The resultant disallowances/additions therefore the entire disallowance of Rs. 6,64,563/- deserves to be deleted and the impugned order quashed.”*
2. *"That the learned CIT(A) erred in upholding the disallowance of Rs.6,64,563, being bona fide business expenditures (such as salaries, rent and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law."*
3. *"That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)"*
4. *“The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.”*

**ITA No. 872/Jodh/2025 (Assessment Year: 2023-24)**

1. *“Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering are arbitrary, perverse and contrary to settled principles, and the assessment improper. The resultant disallowances/additions therefore the entire disallowance of Rs. 6,42,333/- deserves to be deleted and the impugned order quashed.”*
2. *"That the learned CIT(A) erred in upholding the disallowance of Rs. 6,42,333, being bona fide business expenditures (such as salaries, rent and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law."*
3. *"That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)"*
4. *"The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal."*

2.2 The assessee Mountain Vintrade Pvt. Ltd. Has raised following grounds of appeal:

**ITA No. 746/Jodh/2025 (Assessment Year: 2020-21)**

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹8,31,611/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹8,31,611, being bona fide business expenditures (such as salaries, rent, administrative expenses) incurred and wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has grossly erred in confirming the disallowance of ₹4,56,500 /- in respect of Salary expenses.

2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹1,57,216/- being Office Expenses.

2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹23,531/ incurred on Printing & Stationery Expenses.

2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹61,732/- towards Conveyance charges.

2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹38,682/- relating to Telephone expenses.

2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹47,154/- under the head "Travelling Expense".

2.7 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹46,796/ under the head "Misc. Expenses".

3. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely

consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)

4. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

#### **ITA No. 747/Jodh/2025 (Assessment Year: 2021-22)**

1. "Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of Rs.4,94,201/- deserves to be deleted and the impugned order quashed."
2. "That the learned CIT(A) erred in upholding the disallowance of Rs.4,94,201, being bona fide business expenditures (such as salaries, rent and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law."
3. "That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)"
4. "The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal."

#### **ITA No. 748/Jodh/2025 (Assessment Year: 2023-24)**

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹4,25,058/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹4,06,719, being bona fide business expenditures (such as salaries, rent, and administrative and expenses) incurred wholly exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

- 2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has grossly erred in confirming the disallowance of ₹2,43,000 /- in respect of Salary expenses.
- 2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹41,908/- being Office Expenses.
- 2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹5,058/- incurred on Printing & Stationery Expenses.
- 2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹17,788/- towards Conveyance charges.
- 2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹7,596/- relating to expenses. Telephone
- 2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹21,425/- under the head "Travelling Expense".
- 2.7 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹10,944/ under the head "Misc. Expenses".
- 2.8 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹47,200/- under the head "Office Rent".
- 2.9 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹11,800/- under the head "Secretarial Audit Fees".
3. Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹18,339/- under the head "Previous Year Income Tax".
4. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)
5. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

### **ITA No. 790/Jodh/2025 (Assessment Year: 2022-23)**

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order) upheld and amount of disallowance enhanced in the impugned order passed by CIT(A) without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹3,93,893/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹1,46,213/-, being bona fide business and administrative expenditures (such as rent, and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹47,200/- being Office Rent.

2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹13,650/- incurred on Travelling.

2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹13,240/- towards Conveyance charges

2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹7,950/- relating expenses. to Telephone

2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹49,863/- under the head "Office Expense".

2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹14,310/- under the head "Misc. Expense".

3. Under the facts and circumstances of the case and in law, the learned CIT(A) grossly erred in disallowing Salary expenses of ₹2,40,000/- and Printing & Stationery of ₹7,680/-, even though the same had been duly examined and allowed by the Assessing Officer after verification. Disallowance of Salary and Printing & Stationery are unjustified, beyond the scope of appellate jurisdiction, and contrary to the settled principle that expenses incurred wholly and exclusively for business purposes which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law. The disallowance of Salary expenses is therefore bad in law and deserves to be deleted in full.

4. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C. The above interest is the purely consequential to disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)

5. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

2.3 The assessee Aakruti Tradehub Pvt. Ltd. Has raised following grounds of

appeal:

### **ITA No. 749/Jodh/2025 (Assessment Year: 2020-21)**

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹4,30,035/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹4,30,035, being bona fide business expenditures (such as salaries, rent, and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has grossly erred in confirming the disallowance of ₹1,80,000 /- in respect of Salary expenses.

2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹96,000/- being Office Rent.

2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹10,293/- incurred on Travelling.

2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹30,762/- towards Conveyance charges.

2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹10,258/- relating to Telephone expenses.

2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹33,372/ under the head "Office Expense".

2.7 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹69,350/- under the head "Preliminary Expenses".

3. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)

4. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

### **ITA No. 750/Jodh/2025 (Assessment Year: 2021-22)**

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹2,62,522/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹2,62,522, being bona fide business expenditures (such as salaries, rent, administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has grossly erred in confirming the disallowance of ₹84,000 /- in respect of Salary expenses.

2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹96,000/- being Office Rent.

2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹3,240/- incurred on Travelling.

2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹2,240/- towards Conveyance charges.

2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹2,950/- relating to Telephone expenses.

2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹3,977/- under the head "Office Expense".

2.7 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹69,350/- under the head "Preliminary Expenses".

2.8 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹3/- under the head "Other Expenses "

3. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)

4. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order as upheld in the impugned CIT(A) order) have been passed without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹7,68,593/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹7,68,593, being bona fide business expenditures (such administrative salaries, as rent, expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has grossly erred in confirming the disallowance of ₹4,32,750 /- in respect of Salary expenses.

2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹47,200/- being Office Rent.

2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹6,780/- incurred on Travelling.

2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹2,640/- towards Conveyance charges.

2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹2,590/- relating to expenses. Telephone

2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹23,000/- under the head "Office Expense".

2.7 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹2,53,128/- under the head "Parking Expenses".

2.8 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹16/- under the head "Share Charges".

2.9 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹490/- under the head "Staff & Labour Expenses".

3. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C, which is not chargeable on the facts of the case. The interest is purely consequential to the above disallowance and ought to be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)

4. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

## ITA No. 793/Jodh/2025 (Assessment Year: 2022-23)

1. Under the facts and circumstances of the case and in law, the orders of the authorities below (the assessment order) upheld and amount of disallowance enhanced in the impugned order passed by CIT(A) without due consideration of relevant facts and applicable law, rendering the assessment improper. The resultant disallowances/additions are arbitrary, perverse and contrary to settled principles, and therefore the entire disallowance of ₹3,28,861/- deserves to be deleted and the impugned order quashed.

2. That the learned CIT(A) erred in upholding the disallowance of ₹1,51,571/-, being bona fide business expenditures (such as rent, and administrative expenses) incurred wholly and exclusively for the purposes of the business, which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law.

2.1 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹47,200/- being Office Rent.

2.2 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹12,870/- incurred on Travelling.

2.3 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in sustaining the disallowance of ₹3,460/- towards Conveyance charges.

2.4 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in confirming the disallowance of ₹3,280/- relating expenses. to Telephone

2.5 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹15,411/- under the head "Office Expense".

2.6 Under the facts and circumstances of the case and in law, the Id. CIT(A) has erred in upholding the disallowance of ₹69,350/- under the head "Preliminary Expenses".

3. Under the facts and circumstances of the case and in law, the learned CIT(A) grossly erred in disallowing Salary expenses of ₹1,77,290/-, even though the same had been duly examined and allowed by the Assessing Officer after verification. Disallowance of Salary is unjustified, beyond the scope of appellate jurisdiction, and contrary to the settled principle that expenses incurred wholly and exclusively for business purposes which are fully allowable under Section 37(1) of the Income Tax Act, 1961. The disallowance is unjustified on facts and in law. The disallowance of Salary expenses is therefore bad in law and deserves to be deleted in full.

4. That the learned CIT(A) further erred in confirming the levy of interest under Sections 234B and 234C. The the above interest is purely consequential disallowance and ought to

be deleted if and to the extent the underlying addition is deleted. (The appellant denies its liability to such interest.)

5. The appellant craves leave to add, amend, alter, delete or modify any of the above grounds of appeal, either before or during the hearing of this appeal.

3. The appellant assesseees have raised sole issues in these appeals pertaining to disallowance of business expenditure u/s 37(1) of the Income Tax Act, 1961 on identical facts and, therefore, all these appeals were although heard on consecutive dates as covered matter by the judgment delivered by coordinate Jodhpur Bench in the case of KBK Mercantile LLP, MPK Equity Research LLP and Crystal Infrabuild Pvt. Ltd. order dated 21.05.2026 and adjudicated together by this consolidated order for sake of brevity.

4. ITA No. 778/Jodh/2025 with respect to assessment year 2021-22 in case of Svaraj Trading and Agencies Ltd., Mumbai is taken as a lead case for discussion of facts.

5. Briefly the facts as per record are that the appellant company is engaged in the business of wholesale trade on a fee or contract basis, including activities of commission agents. The appellant assessee has filed return of income for the year under consideration i.e. 2021-22 declaring total income of Rs. 99,60,610/-. The AO has completed reassessment u/s 147 on 01.02.2025 and assessed income of

Rs. 1,39,17,193/- with an addition of Rs. 39,56,583/-, the sole addition comprising of disallowance of business expenses claimed by the appellant company by holding that appellant was a bogus shell company operating from dummy address, with minimal business transactions.

6. In the appeal, the Ld. Commissioner of Income Tax Appeal vide order dated 30.07.2025 granted part relief to the appellant assessee by accepting certain statutory and compliance related expenditures as inherent to any company's operations to be allowed even a business activities is in doubt where expenses like audit fee, bank charges, professional fees aggregating to Rs. 8,92,006/- were found to be genuine statutory expenses and accordingly allowed by the Ld. CIT(A). However, the CIT(A) confirm the finding of the AO that other non-mandatory operational expenses lacked justification given by the company apparently lack of real business and disallowed majority of the business expenses such as salary Rs. 23,21,940/-, office rent Rs. 84,000/-, travelling expenses Rs. 1,45,933/-, conveyance Rs. 1,25,647/-, office expense Rs. 2,18,227/-, telephone Rs. 1,17,609/- advertisement charges Rs. 31,208/- , misc. expenses Rs. 20,013/- as non-statutory and held not incurred for genuine business needs. On identical facts, the

coordinate Jodhpur Bench, in the case of KBK and others Vs. ACIT in ITA No. 720/Jodh/2025 and others with respect to assessment year 2020-21, 2021-22 and 2023-24 dated 21.05.2026 granted relief to the assessee by observing as under:

20. It is settled law that judicial principles governing allowability of business expenditure u/s 37(1), the requirement for evidence based assessment, and the impermissibility of relying on uncorroborated statements are well settled through a series of decisions of the Supreme Court, High Courts and the Tribunal. The relevant case laws, the facts, the ration decidendi, and their direct application to the present case are set out below.

*i. CIT v. Walchand and Co. Pvt. Ltd. (1967) 65 ITR 381 (SC): In Walchand's case, the Supreme Court noted that the revenue authorities had questioned the necessity of certain business expenses, alleging that they were excessive and not needed for business. The assessee established that the expenditure was incurred out of commercial considerations and in the normal course of business. The Court held that the reasonableness of expenditure must be judged from the point of view of a businessman and not from the standpoint of the Assessing Officer. The Supreme Court emphasized that the tax department cannot dictate how much an assessee should spend to run its business.*

*In the present case, the CIT Appeal disallowed salary, rent, travelling, conveyance, telephone and other administrative expenses solely because he believed the appellant's business activity was "minimal." This is identical to the error addressed by the Supreme Court. The appellant incurred expenditure for day- to-day administration, statutory compliance, banking work and accounting. These are matters of commercial expediency. The Assessing Officer cannot substitute his view for that of a prudent businessman. The disallowance therefore directly contradicts the principle laid down in Walchand and must be deleted.*

*ii. S. A. Builders Ltd. v. CIT (2007) 288 ITR 1 (SC): In S. A. Builders, the Assessing Officer disallowed certain advances made to a subsidiary on the reasoning that the expenditure did not serve business purpose. The Supreme Court held that so long as the expenditure is incurred on grounds of commercial expediency, the Assessing Officer cannot question the business wisdom of the assessee. The Court clarified that commercial expediency includes such expenditure as prudent businessman incurs with the objective of preserving and promoting business interests.*

*In the appellant's case, the authorities below disallowed basic administrative expenditure by claiming that these were not necessary due to "non-statutory". The Supreme Court has categorically held that such subjective assessment is impermissible. If the appellant considers it necessary to maintain employees, office premises and administrative infrastructure to carry out statutory filing, document preparation, banking and audit coordination, commercial expediency is clearly present. The disallowance ignores the ratio of S. A. Builders and is unsustainable in law.*

**iii. CIT v. Malayalam Plantations Ltd. (1964) 53 ITR 140 (SC):** *In Malayalam Plantations, the assessee claimed certain expenses relating to statutory liabilities and management obligations. The department contended that these were not strictly for the purpose of earning income. The Supreme Court held that expenditure incurred for the preservation of the business and performance of statutory duties is allowable under section 37. Expenditure incidental to carrying on business is regarded as for the purposes of business.*

*The appellant LLP has incurred statutory compliance expenses office expenses, such as accounting, documentation, filing, banking and administrative coordination. Salary, rent, postage and travelling are integral to carrying out statutory obligations under the Companies Act, Income Tax Act and GST laws. The CIT Appeal accepted statutory expenses but illogically disallowed the operational expenses required to incur them. Under Malayalam Plantations, all such incidental and statutory- supporting expenditure is allowable. The disallowance is contrary to this binding precedent.*

**iv. Dhakeshwari Cotton Mills Ltd. v. CIT (1954) 26 ITR 775 (SC):** *In this landmark judgment, the Supreme Court held that assessment cannot be based on suspicion, conjecture surmise. Additions must be grounded in tangible material or evidence. The Court rejected an assessment that was based solely on loose statements and assumptions without supporting documents.*

*In the present case, the Assessing Officer and CIT Appeal relied entirely on uncorroborated search statements of third parties (a peon, an accountant and a group employee) none of whom were linked to the appellant's management. The CIT Appeal himself records that the Assessing Officer brought no seized profit and loss account, balance sheet, bank statement or other Incriminating material specific to the appellant. Disallowance based on assumption that the appellant was "at a dummy address" without evidence violates the principle laid down in Dhakeshwari Cotton Mills. The disallowance has no evidentiary backing and must be deleted.*

**v. Umacharan Shaw and Bros. v. CIT (1959) 37 ITR 271 (SC):** *In this case, the department made additions based on presumption without any direct evidence. The Supreme Court held that suspicion, however strong, cannot take the place of proof and additions must be supported by credible material.*

*The disallowance in the appellant's case rests solely on suspicion derived from third-party statements and an alleged common address issue. No document, voucher or bank entry has been shown to be non-genuine. Salary vouchers, rent agreements, GST invoices, TDS records and office expenditure bills were all produced and accepted by the AO. The disallowance is purely suspicion-based and therefore contrary to this Supreme Court decision.*

**vi. Mehta Parikh & Co. v. CIT (1956) 30 ITR 181 (SC):** *The assessee in this case produced affidavits and documentary evidence supporting its claims. The department rejected them without any cross-examination or contradiction. The Supreme Court held that when evidence remains uncontroverted, the revenue cannot disregard it without giving reasons.*

*In the appellant's case, ledger statements, TDS return, bank statements and other documents were submitted. Nowhere in the assessment order did the AO dispute their genuineness. The rejection of expenditure despite unchallenged evidence violates the law laid down in Mehta Parikh.*

**vii. Radhasoami Satsang v. CIT (1992) 193 ITR 321 (SC):** *The Supreme Court held that once a consistent view has been taken material has emerged, the in earlier years and department should maintain consistency and cannot arbitrarily deviate. no new*

*In earlier scrutiny assessments of the appellant (AY 2015-16, AY 2017-18), identical expenditure patterns were accepted under section 143(3). No new incriminating material was found during search pertaining to the appellant. The sudden disallowance contradicts the principle of consistency.*

21. From the record, it is evident that the Ld. CIT(A) did not appropriately consider the factual matrix of the case while accepting the statutory and compliance related expenses such as accounting charges, ROC filing fee and bank charges is genuine and sustain the disallowances of expenses related to administrative and other operational activities merely on the basis of presumption that such expenses are non-statutory in the nature and due to perceived minimal business activity. This observation of the Ld. CIT(A) has been arrived without identifying any specific deficiency in the books of account and without demonstrating any personal or non-business element or without pointing out any lack of business evidence.

22. Thus, the Ld. CIT(A) has allowed the fruit but denied the tree that bears it. In the present case, this is not merely inconsistent but it is logically impossible that a LLP firm cannot incur accounting charges, bank charges, and secretarial audit fee in physical and operational vacuum is a disallowance sustained by the Ld. CIT(A) as those expenses are the necessary pre-condition for the allowed expenses to exist.

23. It is well settled principle of law through judicial pronouncement that routine administrative and operational expenses which are necessary for maintaining corporate existence and ensuring statutory compliance, cannot be disallowed unless they are specifically shown to be non-genuine, excessive, or unrelated to the business. In the present case, neither the Assessing Officer nor the Ld. CIT(A) has brought any material on record to establish that the impugned expenses are bogus, inflated, unverifiable or not incurred for business purposes. We find that all the disallowed expenditures are duly supported by documentary evidence and are intrinsically linked to the normal functioning and compliance requirements of the appellant LLP. The acceptance of statutory expenses, while simultaneously disallowing the genuine administrative and other expenses results in an internally inconsistent and legally unsustainable conclusion.

24. In the above view, we hold that in the absence of any specific adverse finding against the genuineness of the expenditure claimed by the appellant assessee, the disallowance sustained by the Ld. CIT(A) amounting to Rs. 4,44,780/- is perverse to the facts on record and the same is as such deleted.

7. Respectfully following the judgment delivered by coordinate jodhpur bench (supra) on identical facts, we hold that in absence of any specific adverse finding given by either of the lower authorities on the genuineness of the expenditure claimed by the appellant assessee, the disallowance sustained by the Ld. CIT(A) amounting to Rs. 30,64,577/- is perverse to the facts on record and as such deleted. Thus, the ground no. 1 and 2 of the assessee are allowed.

8. Ground no. 3 of the appeal is consequential in nature which does not require specific adjudication.

9. The issues in ITA No. 778/Jodh/2025 are exactly identical on facts except variation in quantum of disallowance to that of other appeals, therefore, our observation and finding given in ITA No. 778/Jodh/2025 shall be applicable to all the appeals in ITA Nos. 777,779,870,871,872,746,747,748,790,749,750,751 & 793/Jodh/2025 in *mutatis mutandis*, ordered accordingly.

10. In the result, all the captioned appeals of the assesseees are allowed.

**Order pronounced in the open court on 03/06/2026.**

Sd/-

**(SUDHIR PAREEK)  
JUDICIAL MEMBER**

**Dated : 03/06/2026.**

*Nimisha Sr. PS*

Sd/-

**(DR. MITHA LAL MEENA)  
ACCOUNTANT MEMBER**

True Copy

Copies to :

- (1) The appellant.
- (2) The respondent.
- (3) CIT
- (4) CIT(A)
- (5) Departmental Representative
- (6) Guard File

BY ORDER,