

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "B", PUNE

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND
SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER

ITA No. 1207/PUN/2019
Assessment Year : 2016-17

ACIT, Circle-7, Pune	Vs.	Tata Autocomp GY Batteries Pvt. Ltd., 4 th Floor, Taco House, Damle Path, Off Law College Road, Erandwane, Pune 411 001 Maharashtra PAN : AACCT3396H
Appellant		Respondent

Assessee by Shri Ketan Ved
Revenue by Shri M.G. Jasnani

Date of hearing 10-06-2022
Date of pronouncement 10-06-2022

आदेश / ORDER

PER R.S. SYAL, VP :

This appeal by the Revenue arises out of the order passed by the CIT(A)-5, Pune on 16-05-2019 in relation to the assessment year 2016-17.

2. The only issue raised herein is against the deletion of addition of Rs.2,64,61,769/-, being, the payment made by the assessee to Tata Autocomp Systems Ltd. ('TACO') on account of Administrative Service charges.

3. Succinctly, the facts of the case are that the assessee is a Joint Venture between TACO and GS Yuasa International

Limited, Japan. It is engaged in the business of manufacture and sale of batteries used in Automotive and Inverter. During the course of assessment proceedings, the Assessing Officer (AO) observed that the assessee claimed deduction of Rs.2,64,61,769/- on account of Administrative Service charges paid to TACO. On being called upon to justify the deduction and substantiate the receipt of Administrative Services, the assessee sent voluminous documents via post, which the AO has acknowledged in the assessment order. The assessee provided details of the areas in which the services were received, namely, Human resource development; Finance; and Product pricing etc. The AO observed that no documentary evidence was produced by the assessee to substantiate the claim of receipt of the services. He further noticed that the assessee itself incurred administrative and other expenses. The AO also took note of the fact that the payment to TACO was in lieu of the services at the start up phase and Operational phase and that the services in the Operational phase were general in nature not requiring any technical or professional knowledge. He also did not concur with the assessee even on the contention that the Tribunal has

allowed deduction of Administrative Service charges paid to TACO in the hands of other group companies. Ergo, disallowance of Rs.2.64 crore was made, which came to be deleted in the first appeal. Aggrieved thereby, the Revenue has come up in appeal before the Tribunal.

4. We have heard the rival submissions and perused the relevant material on record. The AO has denied the claim of deduction primarily on the ground that the assessee did not furnish any evidence of receipt of services. Three paper books have been filed before the Tribunal. Summary of the services received from TACO with necessary details has been placed at page 116 to 128 of the first paper book. Under the head 'Human Resource and Development', the assessee has referred to various e-mails exchanged during the year between it and TACO concerning with the human resource development. Such detailed e-mails have been placed on record in second and third paper books. We have examined some of the e-mails on test-check basis and found the same to be pertaining to the assessee's business. Similar is the position regarding e-mails received for rendition of Legal and taxation advisory services; Vendor

management services; Internal audit; IT support services/IT Infrastructure; and Monitoring of operations etc. Such email exchanges amply demonstrate the receipt of services by the assessee. In that view of the matter, it is difficult to accept the AO's point of view that the assessee did not receive any services.

5. Once the factum of receipt of services is established, the next question is about the deductibility of payment of Administrative Service charges to TACO on legal basis. It is seen that the AO made similar disallowance in the case of the assessee for the A.Y. 2009-10. The matter finally travelled to the Tribunal. Vide order dated 12-07-2019, the Tribunal in ITA No.1128/PUN/2016 has upheld the action of the CIT(A) in deleting the disallowance. The ld. AR submitted that the AO himself did not dispute the deductibility of such expenses from the A.Ys. 2010-11 to 2015-16 and allowed the deduction for the same. Our attention was also drawn towards the orders passed by the Tribunal in other group companies wherein the payments made to TACO towards Administrative Service charges have

been allowed by the Tribunal. Respectfully following the precedents, we approve the view taken by the ld. CIT(A).

6. In the result, the appeal is dismissed.

Order pronounced in the Open Court on 10th June, 2022.

Sd/-
(S.S.VISWANETHRA RAVI)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

Pune; Dated : 10th June, 2022

Satish

Copy of the Order is forwarded to:

1. The Appellant;
2. The Respondent;
3. The CIT(A)-5, Pune
4. The Pr. CIT-4, Pune
“B” /
5. DR ‘B’, ITAT, Pune
6. Guard file

BY ORDER,

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Senior Private Secretary
ITAT, Pune

		Date	
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4.	Draft discussed/approved by Second Member.		JM
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