

Expenses separately claimed again by Partner against income received from partnership firm disallowed

Summary – The Ahmedabad ITAT in a recent case of Chandra N. Jethwani, (the Assessee) held that expenses separately claimed again by Partner against income received from partnership firm should be disallowed

Facts

- The assessee, an individual, was a partner in 7 partnership firms from which the assessee was earning income by way of share of profit, remuneration and interest on the capital invested by him in the firms. The assessee during the assessment proceedings claimed expenses against the income received from the partnership firm.
- The Assessing Officer was of the view that such expenses as claimed by the assessee were incurred to meet his personal requirement and disallowed the same.
- On appeal, the Commissioner (Appeals) affirmed the order of the Assessing Officer.
- On appeal.

Held

- The ITAT held that income received by the assessee from the partnership firm *i.e.* remuneration from the firm is taxable in the hands of the partner. Whatever expenses are incurred by the partner in connection with the business of the firm, the firm is entitled for the deduction of such expenses subject to the provisions of the Act. Thus, if the assessee has incurred any expense on behalf of the partnership firm then the right course of action is to claim the reimbursement from the partnership firm and such firm will claim the deduction under the relevant provisions of the Act on account of such reimbursement of expenses. As such the assessee cannot claim any expense against the income from the firm, save as provided above.
- In view of the above, there is no infirmity in the order of the authorities below.