

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई

IN THE INCOME TAX APPELLATE TRIBUNAL

'B' BENCH, CHENNAI

श्रीएन.आर.एस. गणेशन, न्यायिकसदस्य एवं
श्री ए. मोहन अलंकामणी, लेखा सदस्य केसमक्ष

**BEFORE SHRI N.R.S. GANESAN, JUDICIAL MEMBER AND
SHRI A. MOHAN ALANKAMONY, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No. 2116/Mds/2015

निर्धारण वर्ष /Assessment Year : 2012-13

Vikatan.Com Pvt. Ltd.,
757, Anna Salai,
Chennai – 600 002.

v. The Deputy Commissioner of
Income Tax, Corporate Circle -3(2
Chennai.

PAN : AABCV5242P

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri T.Banusekar, C.A.

प्रत्यर्थीकीओरसे/Respondent by : Shri V.Nandakumar, JCIT

सुनवाईकीतारीख/Date of Hearing : 17.08.2016

घोषणाकीतारीख/Date of Pronouncement : 23.09.2016

आदेश /O R D E R

PER N.R.S. GANESAN, JUDICIAL MEMBER:

This appeal of the assessee is directed against the order of the
CIT(A) -11, Chennai dated 10.09.2015 and pertains to Assessment Year
2012-13.

2. Shri T.Banusekar, the learned representative for the assessee submitted that the assessee collected subscription for various magazines. The period of subscription varies from one year, two years, three years and ten years respectively. The subscriber on paying the specified amount can become the subscriber for the period to which he paid the amount. The assessee is following mercantile method of accounting in respect of subscription are concerned. Therefore, the amount received by the assessee from subscribers are treated as advance towards subscription and the proportionate amount was credited to sales by debiting the subscription advance amount. The subscription received for the unexpired portion of the period reflected under the Head 'income received in advance' and it will be taken as income of the assessee in the financial year in which it expires. This explanation of the assessee was rejected by the CIT(A) on the ground that the assessee has not submitted the working of income recognition out of the amount received either before the assessing officer or before the CIT(A). Now, the assessee has filed an application under Rule 29 of the Income Tax Appellate Tribunal Rules. The prayer for admission of additional evidence which contains working for recognition of income from the subscription. Therefore, the learned representative for the assessee submitted that the matter may be remitted back to the file of the Assessing Officer for

reconsideration in the light of the terms and conditions between the assessee and the subscribers.

3. On the contrary, Shri V.Nandakumar, the learned representative for the department submitted that the subscription of the assessee for various magazines varies from one month to ten years. The assessee has not taken the entire amount as income of the assessee. Since the assessee claims that only proportionate amount has to be taken as income, it is for the assessee to file the necessary details with regard to income recognition from the advance said to be received by the assessee. In the absence of any details, the assessing officer has rightly rejected the claim of the assessee and treated the entire amount received by the assessee as income for the year under consideration. The CIT(A) also has rightly confirmed the addition made by the assessing officer.

4. We have considered the rival submissions on either side and also perused the material available on record. As rightly submitted by the learned representative for the assessee and the learned representative for the department, the CIT(A) confirmed the order of the assessing officer on the ground that the assessee has not submitted the workings of income recognition out of the so called advance subscription for the magazine. Now the assessee has filed the working for income recognition before this Tribunal. The assessee has also filed the terms and conditions between the assessee and the subscribers. Therefore,

this Tribunal is of the considered opinion that the matter needs to be reconsidered by the assessing officer. The assessing officer shall examine the terms and conditions / agreement between the assessee and the subscribers and the working of income recognition from the so called subscription received from the subscriber and thereafter, he has to decide the matter.

5. Accordingly, the orders of the both the lower authorities are set aside and the entire issue raised by the assessee is remitted back to the file of the AO. The AO shall re-examine the matter as indicated above and thereafter decide the same in accordance with law after giving a reasonable opportunity to the assessee.

6. In the result, appeal of the assessee is Allowed for Statistical Purposes.

Order pronounced on 23rd September, 2016 at Chennai.

Sd/-
(ए. मोहन अलंकामणी)
(A. Mohan Alankamony)
लेखा सदस्य/Accountant Member

Sd/-
(एन.आर.एस. गणेशन)
(N.R.S. Ganesan)
न्यायिक सदस्य/Judicial Member

चेन्नई/Chennai,
दिनांक/Dated, the 23rd September, 2016.

sp.

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त (अपील)/CIT(A)
4. आयकर आयुक्त/CIT,
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF.