

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
KOLKATA 'C' BENCH, KOLKATA**

**Before Shri M. Balaganesh, Accountant Member  
and Shri S.S. Viswanethra Ravi, Judicial Member**

**I.T.A. No. 2741/KOL/ 2013  
Assessment Year: 2003-2004**

***Income Tax Officer,.....Appellant  
Ward-4(2), Kolkata,  
Aayakar Bhawan,  
P-7, Chowringhee Square,  
Kolkata-700 069***

**-Vs.-**

***M/s. Magnum Commercial Limited,.....Respondent  
4A, N.C. Dutta Sarani,  
Kolkata-700 001  
[PAN: AACCM 2819 G]***

**Appearances by:**

*Shri Sallong Yaden, Addl. CIT, Sr. D.R., for the Department  
Shri Rajeeva Kumar, A.R., for the assessee*

Date of concluding the hearing : June 23, 2016

Date of pronouncing the order : June 29, 2016

**O R D E R**

**Per Shri S.S. Viswanethra Ravi :-**

This appeal filed by the Revenue is directed against the order of Id. Commissioner of Income Tax (Appeals)-IV, Kolkata dated 26.08.2013 for the assessment year 2003-04.

2. The only issue in this appeal is that a typographical mistake is entered wrongly in respect of valuation of shares as Rs.4,17,800/- instead of Rs.41,78,700/- in Notes on Accounts. During the course of assessment proceedings, the Assessing Officer found Opening Stock and Closing Stock of shares at Rs.4,17,800/- and Rs.5,71,050/- respectively from the Note 'C' of Schedule 11 of accounts. The assessee claimed deduction of

Rs.36,07,650/- under the head "increase/decrease in Closing Stock" in the Profit & Loss Account, thereby the Assessing Officer was of the view that the income of Rs.37,60,900/- was escaped assessment. In this regard, notice under section 142(1) was issued. In response to such notice, the ld. A.R. appeared and produced the relevant Bank statement before the Assessing Officer and also submitted that the mistake has arisen due to typographical error in Note C in Notes of Accounts of the audited balance-sheet. The figures show in Note 'C' typed and correct figure as under:-

<b>FIGURES TYPED</b>		<b>CORRECT FIGURES</b>	
Particulars	As on 31.03.2003	Particulars	As on 31.03.2003
Shares	Amount	Shares	Amount
Opening Stock	4,17,800/-	Opening Stock	41,78,700/-

3. The Assessing Officer did not accept the contention of the assessee in taking the correct value of shares at Rs.41,78,700/-. Accordingly, Rs.37,60,900/- was added to the total income of the assesee.

4. As aggrieved, the assessee preferred first appeal before the ld. CIT(Appeals) and contended that the Assessing Officer added such amount on certain figures of Opening Stock reflected in the Notes of Accounts, which were annexed to the Balance-sheet. Further the assessee submitted the actual value of stock and actually decreased by Rs.36,07,650/- but in the Schedule 11 at Part 'C' of Notes of Accounts, the Opening Stock was reflected in increase of value of stock by Rs.1,53,250/- (Rs.5,71,050/- minus 4,17,800/-) and such discrepancy was caused on account of typographical error in Part 'C' of Notes of Accounts. Considering the same, the ld. CIT(Appeals) observed that the mistake in the Notes of Accounts made by the auditor was a bonafide mistake and accordingly deleted the said addition. The relevant portion is reproduced herein below:-

*"4.2 I have examined the assessment order as well as the written submission filed by the A.R. of the appellant. It is clear from para No.3 of the assessment order that when*

*the mistake was pointed out by the A.O., the appellant had duly submitted his reply vide letter dt.4.12.2008, putting the blame on a typographical error. Supporting certification of the auditor was also available with the A.O. wherein the Auditor had certified that opening stock value was wrongly written in the Notes of Accounts as Rs.4,17,800/- instead of Rs.41,78,700/-. The A.O. has also certified on the very first page of his assessment order that the A.R. of the appellant had produced books of accounts which was examined on a test check basis. The A.O did not mention any discrepancy in stock based on the books of accounts of the appellant. The only reasoning given by the A.O. for rejecting the appellant's submission made through letter dt.4.12.2008 is that the explanation is not accepted. No reason has been given as to why the explanation of the appellant was not accepted even when no discrepancy in the stock position was noticed in the books of accounts of the appellant. Under these circumstances, I am of the view that the action of the A.O. to make addition of Rs.37,60,900/- on the basis of stock is neither justified nor based on any evidence. The mistake in the Notes of Accounts made by the Auditor was bona fide mistake and this has been accepted by the Auditor. Addition on this account is deleted”.*

5. We have heard the rival submissions and also perused the relevant material available on record. The ld. D.R. relied on the Assessing Officer's order and the ld. A.R. relied on the order of the ld. CIT(Appeals). We find the typographical error in Part 'C' which was placed for our consideration at page 12 of the paper book. It is seen that the value of Opening Stock as on 31.03.2003 at Rs.4,17,800/- and the value of Closing Stock as on 31.03.2002 at Rs.41,78,700/-. We also find that the same mistakes in figure was brought to the notice of the Assessing Officer vide submission dated 04.12.2008 showing the figures typed and correct figures but however, the Assessing Officer did not consider the same and went on to add Rs.37,60,900/- to the income of the assessee. We are of the view that the ld. CIT(Appeals) examined the same in detail and found satisfied that it is a bonafide mistake of typographical error, which was accepted by the Auditor vide his certificate in this regard. Therefore, we find no merit in

the appeal filed by the Revenue. Accordingly, the sole ground raised by it is dismissed.

**6. In the result, the appeal of the Revenue is dismissed.**

Order pronounced in the open Court on June 29<sup>th</sup>, 2016.

Sd/-

**(M. Balaganesh)**  
**Accountant Member**

Sd/-

**(S.S. Viswanethra Ravi)**  
**Judicial Member**

***Kolkata, the 29<sup>th</sup> day of June, 2016***

*Copies to :* (1) ***Income Tax Officer,  
Ward-4(2), Kolkata,  
Aayakar Bhawan,  
P-7, Chowringhee Square,  
Kolkata-700 069***

(2) ***M/s. Magnum Commercial Limited,  
4A, N.C. Dutta Sarani,  
Kolkata-700 001***

(3) ***Commissioner of Income-tax (Appeals)-IV, Kolkata***

(4) ***Commissioner of Income Tax, Kolkata***

(5) ***The Departmental Representative***

(6) ***Guard File***

***By order  
Assistant Registrar,  
Income Tax Appellate Tribunal,  
Kolkata Benches, Kolkata***

***Laha/Sr. P.S.***