

**IN THE INCOME TAX APPELLATE TRIBUNAL,
MUMBAI BENCH "SMC", MUMBAI**

**BEFORE D.T. GARASIA, JUDICIAL MEMBER
ITA No.4414/M/2017**

Assessment Year: 2012-13

Kartech Envirosystems Pvt. Ltd. 34, Irani House, 2 nd Floor, 7 th Lane, Khetwadi, Girgaon, Mumbai - 400004 PAN: AAACK4307P	Vs.	Income Tax Officer 5(2)(2) Aayakr Bhawan, M.K.Road, Mumbai - 400020
(Appellant)		(Respondent)

Present for:

Assessee by : None
Revenue by : Shri N. Hemalatha

Date of Hearing : 30.10.2017
Date of Pronouncement : 17.11.2017

ORDER

Per D.T. GARASIA, Judicial Member:

The above titled appeal has been preferred by the assessee against the order dated 16.02.2017 of the Commissioner of Income Tax (Appeals) 21, Mumbai [hereinafter referred to as the CIT(A)] relevant to assessment year 2012-13.

2. The short facts of the case are as under:-

The facts of the case, in brief, are that the assessee is a company engaged in the business of dealing in water treatment plants and swimming pool contracts. It furnished its return of income for the A.Y.2012-13 on 30.09.2012 declaring total income at Rs.11,03,600/-. The Assessing Officer (hereinafter referred to as the AO) has completed the assessment u/s.143(3) of the Act on 27.02.2015 determining the total income of Rs.43,27,540/- under normal provision and book profit of Rs.11,85,385/- u/s.115JB by making the additions disallowances stated at para-2 above. The first issue is with regard to disallowance on account of difference in gross receipt of Rs.29,43,499/-. The AO has noticed that the assessee has shown total receipts of Rs.1,22,59,202/-

in its books whereas as per 26AS information the total contract receipt is Rs.1,52,02,701/-. Accordingly, the assessee was asked as to why the difference of Rs.29,43,499/- should not be added to the income of the assessee. The assessee has submitted before the AO that the parties have shown payment to assessee, since they deducted the TDS within the relevant financial year whereas the bills were raised in the subsequent financial year. Accordingly the receipts were shown in the next year by the assessee but as per 26AS the amount was shown as received in the year under consideration. The AO did not accept the contention of the assessee holding that as the assessee is following the mercantile system of accounting it should have shown the same as receipt on due or receipt basis whichever is earlier. Accordingly, he added the difference of Rs.29,43,499/- to the total income of the assessee.

3. The matter carried to CIT(A) and the CIT(A) has allowed the appeal by observing as under:-

4.2.1 After receipt of the amount in April, 2012 the same was offered for taxation in the F.Y.2012-13 relevant to A.Y.2013-14. The income offered for taxation for these two years are reflected as under:-

A.Y.	Income from operation	Receipt as per Form 26AS	Difference
2012-13	12,259,202	15,202,701	2,943,499
2013-14	15,519,822	12,404,073	(3,115,749)

4.2.2 However, as seen from the above, when the difference between the books of accounts and form 26AS noticed by the AO is Rs.29,43,499, the Id. AR could able to submit the details of reconciliation only to the extent of Rs.21,91,069/-. I, therefore, direct the AO to give credit only to the extent of Rs.21,91,069/-. I, therefore, direct the AO to give credit only to the extent of amounts reconciled and disallow the balance. However, before giving credit he is at liberty to verify the details to his satisfaction. The Id. AR is directed to submit on demand the same details which were provided to me during the course of appellate proceedings. The ground is partly allowed.

4. Having heard learned DR I am of the opinion that CIT(A) has already restored this matter to the file of AO for verification of the claim of the assessee, therefore, I do not find any infirmity in the order of CIT(A), therefore I dismiss the appeal.

5. In the result the appeal of the assessee is dismissed.

Order pronounced in the open court on 17.11.2017.

**Sd/-
(D.T. GARASIA)
JUDICIAL MEMBER**

Mumbai, Dated: 17.11.2017.

* MP.

आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त)अपील (/ The CIT(A)-
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि ,आयकर अपीलीय अधिकरण ,मुंबई / DR, ITAT,
Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

उप/सहायक पंजीकार / (Dy./Asstt. Registrar)

आयकर अपीलीय अधिकरण ,मुंबई / ITAT, Mumbai