

आयकर अपीलीय अधिकरण "ए" न्यायपीठ पुणे में ।  
IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, PUNE

सुश्री सुषमा चावला, न्यायिक सदस्य, एवं श्री अनिल चतुर्वेदी, लेखा सदस्य, के समक्ष  
BEFORE MS. SUSHMA CHOWLA, JM AND SHRI ANIL CHATURVEDI, AM

आयकर अपील सं. / ITA No. 907/PUN/2016

निर्धारण वर्ष / Assessment Year : 2007-08

M/s. S P M Tools,  
B. No. 7, Old Industrial Estate,  
Ichalkaranji.  
New Address : Plot No.2-8,  
Sector-A, Parvati Co. Op.  
Ind. Estate, Yadrav,  
Dist.- Kolhapur  
Pin-416 145  
PAN: AA EFS8736K

.....अपीलार्थी / Appellant

**बनाम / V/s.**

The Addl. Commissioner of Income Tax,  
Ichalkaranji Range,  
Ichalkaranji.

.....प्रत्यर्थी / Respondent

Appellant by : Shri M.K. Kulkarni

Respondent by : Shri Ajay Modi.

सुनवाई की तारीख / <b>Date of Hearing : 16.05.2018</b>	घोषणा की तारीख / <b>Date of Pronouncement : 24.05.2018</b>
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**आदेश / ORDER**

**PER SUSHMA CHOWLA, JM**

The appeal filed by the assessee is against the order of the Commissioner of Income Tax (Appeal)-2, Kolhapur dated 02.03.2016 relating to assessment year 2007-08 against order passed under section 143(3) of the Income Tax Act, 1961 ( in short 'the Act').

2. The assessee has raised following grounds of appeal:

*“1. On the facts and circumstances of the case and in law the Ld. CIT(A) was not justified in dismissing the appeal without giving proper opportunity of hearing to the assessee. The order of the Ld. CIT(A) be set aside.*

*2. On the facts and circumstances of the case and in law the Ld. CIT(A) was not justified in confirming the addition made by the A.O. who had made addition of the amount of differences in balances in assessee's books and that of the creditors. The assessee had no control over the books of the creditors. The addition made by the A.O. and confirmed by the Ld. CIT(A) be deleted.*

*3. The appellant craves to leave, add/amend or alter any of the above grounds of appeal.”*

3. The issue raised in the present appeal is against the order of CIT(A) in confirming addition on account of differences in balances in assessee's books of account and that of the creditors. The assessee had alleged that the said balances were reconciled.

4. The Ld. AR for the assessee before us, at the outset pointed out that proper opportunity was not granted by the Authorities below to reconcile the differences in balances in books of account. He further pleaded that opportunity may be allowed to the assessee to file reconciliation and issue be decided thereafter.

5. On the other hand, the Ld. DR for the Revenue placed reliance on the orders of Authorities below.

6. We have heard the rival contentions and perused the record. Briefly stated in the facts of the case, the assessee was engaged in manufacturing and sale of special purpose machine, machine tools, machine spare parts and trading in engineering and electrical goods. For the assessment year under consideration, the assessee filed return of income declaring total income of Rs.3,60,12,280/-. The assessee had effected total turnover of Rs.23,52,88,007/- on which a gross profit of

Rs.7,65,48,684/- was shown. To verify the genuineness of the sundry creditors, the Assessing Officer sought information from various parties under section 133(6) of the Act. In some cases, replies of assessee were received and verified. In respect of M/s.Potdar Enterprises, the closing balances as on 31.03.2007 as per assessee's books of accounts was seen to be standing at Rs.1,90,680/- whereas the confirmation received from the concerned party shows the same balance at Rs.3,980/-. Thus, there appeared difference of Rs.1,86,700/-. Similarly, in respect of M/s.Sree Engineers, the closing balance as on 31.03.2007 was shown at Rs.38,11,140/- as against which the party had confirmed it to the tune of Rs.36,01,917/- leaving a difference of Rs.2,09,493/-. The assessee was show caused to reconcile the differences. In response, the assessee furnished its submission which are reproduced in Para 6.1 at page 3 of the assessment order. However, The Assessing Officer rejected the plea of the assessee and made addition of Rs.2,33,352/- on account of non-reconciliation of credit balance of Rs.2,37,332/- of M/s. Potdar Enterprises and Rs.2,09,493/- of M/s. Sree Engineers.

7. The CIT(A) has confirmed the additions made by the Assessing Officer against which the assessee is in appeal before Tribunal.

8. The only plea raised by assessee before us is that the said balances were reconcilable and opportunity may be allowed to the assessee to reconcile the same. We find merit in the plea of assessee in this regard. Accordingly, we remit the issues back to the file of Assessing Officer to afford reasonable opportunity of hearing to the assessee. The assessee is also directed to furnish complete information before Assessing Officer who shall decide the issue after considering the details furnished by assessee in respect of reconciliation of balances to sundry creditors and in accordance with law. Accordingly, grounds raised by assessee are allowed for statistical purposes.

9. In the result, appeal of the assessee is partly allowed for statistical purposes.

Order pronounced on this 24<sup>th</sup> day of May, 2018.

Sd/-  
**(ANIL CHATURVEDI)**  
लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-  
**(SUSHMA CHOWLA)**  
न्यायिक सदस्य/JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 24<sup>th</sup> May, 2018  
SB

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT (Appeal)-2, Kolhapur.
4. The CIT-II, Kolhapur/ CIT ( Central), Pune.
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "ए" बेंच,  
पुणे / DR, ITAT, "A" Bench, Pune.
6. गार्ड फ़ाइल / Guard File.

// True Copy //

आदेशानुसार / BY ORDER,

निजी सचिव /Private Secretary  
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.