

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES "SMC" : DELHI

BEFORE SHRI BHAVNESH SAINI, JUDICIAL MEMBER

ITA.No.451/Del./2018
Assessment Year 2010-2011

Shri Manish Kumar, Prop. M/s. Mohan Traders, Purani Mandi, Karnal. PAN ABXPK5572B	vs.	The Income Tax Officer, Ward-2, Karnal.
(Appellant)		(Respondent)

For Assessee :	Shri Rajeev Sachdeva, C.A.
For Revenue :	Shri S.L. Anuragi, Sr. D.R.

Date of Hearing :	12.07.2018
Date of Pronouncement :	12.07.2018

ORDER

This appeal by assessee has been directed against the Order of the Ld. CIT(A), Karnal, dated 29.11.2017, for the A.Y. 2010-2011, challenging the addition of Rs.12,02,512/- on account of closing stock.

2. The trading account filed along with the return, shows the value of closing stock at Rs.36,15,921/-. Quantity wise details of closing stock with its value was shown and

provided during the assessment proceedings which is reproduced at page-4 of the assessment order. The A.O. also noted that during the year assessee also enjoyed cash credit limit from HDFC Bank against hypothecation of stock where the amount payable to the bank as on 31.03.2010 was shown at Rs.30,92,018/-. Enquiries were made from the Bank under section 133(6) of the LT Act with a request to provide the copy of stock statement filed by the assessee. The Bank has submitted copy of stock statement filed by the assessee showing the position of stock as on 31.03.2010 at Rs.48,86,936/-. The assessee was confronted of the aforesaid fact. The assessee submitted before that it was an estimated yearly stock position furnished with the Bank. The A.O. asked the Bank authorities to file copy of the stock statement filed by the assessee in terms of value and quantity of each item of the stock ending financial year. However, it was intimated that loan documents were destroyed in fire, therefore, required information could not be supplied. The A.O. did not accept the contention of assessee and rejected the book results under section 145(3) of the I.T. Act and

taken value of the closing stock at Rs.48,86,936/- and difference of Rs.12,02,512/- was added and taken it as income from other sources. The assessee filed detailed written submissions before Ld. CIT(A) to dispute the correctness of the addition. The Ld. CIT(A), however, instead of deciding the issue on merit, summarily rejected the claim of assessee. The findings of the Ld. CIT(A) at page-9 of the order is reproduced as under :

“The facts on record, given the situation that sale vouchers and quality wise details of opening and closing stock were not submitted is enough proof of the unreliability of the appellant’s account. The A.O’s action was therefore justified and I confirm the same. This ground of appeal is dismissed.”

3. After considering the rival submissions, I am of the view that the matter requires reconsideration at the level of the Ld. CIT(A). The Ld. CIT(A) reproduced the written submissions of the assessee and reproduced the order of the A.O. in the appellate order and without considering the findings and

material on record, rejected the claim of assessee by deciding the issue as above. The order of the Ld. CIT(A) is unreasoned and without reference to any evidence or material on record. Learned Counsel for the Assessee submitted that assessee has filed complete details before the authorities below which have not been considered by the Ld. CIT(A). In this view of the matter, I set aside the impugned order of the Ld. CIT(A) and restore the appeal of assessee on this ground to the file of Ld. CIT(A) with a direction to re-decide the appeal of assessee on this ground strictly on merits by referring to all the material on record. The Ld. CIT(A) shall give reasonable, sufficient opportunity of being heard to the assessee and shall pass reasoned order.

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

Order pronounced in the open Court.

Sd/-
(BHAVNESH SAINI)
JUDICIAL MEMBER

Delhi, Dated 12th July, 2018
VBP/-

Copy to

1.	The appellant
2.	The respondent
3.	CIT(A) concerned
4.	CIT concerned
5.	D.R. ITAT 'SMC' Bench, Delhi
6.	Guard File.

// BY Order //

Assistant Registrar : ITAT Delhi Benches :
Delhi.