

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई

IN THE INCOME TAX APPELLATE TRIBUNAL

'D' BENCH, CHENNAI

श्री एन.आर.एस. गणेशन, न्यायिक सदस्य 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.412/Chny/2018

निर्धारण वर्ष / Assessment Year : 2014-15

M/s SG Snacks India Pvt. Ltd.,
Plot No.12, Sri Annai Meenakshi
Nagar II Cross,
Near Raghavendra Nagar, Madurai.

v. The Income Tax Officer,
Corporate Ward – 3,
Madurai.

PAN : AASCS 8051 N

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri K. Rama Mohan, CA

प्रत्यर्थी की ओर से/Respondent by : Ms. S. Vijayaprabha, JCIT

सुनवाई की तारीख/Date of Hearing : 13.08.2018

घोषणा की तारीख/Date of Pronouncement : 12.09.2018

आदेश /ORDER

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

This appeal of the assessee is directed against the order of the Commissioner of Income Tax (Appeals) -1, Madurai, dated 12.12.2017 and pertains to assessment year 2014-15.

2. Shri K. Rama Mohan, the Ld. representative for the assessee, submitted that the assessee claimed additional depreciation of ₹

84,16,727/- by filing revised return. According to the Ld. representative, in the original return, the assessee claimed depreciation of ₹67,58,435/-. The Assessing Officer disallowed the claim of the assessee on the ground that the assessee is doing job work of M/s Parle Biscuits Pvt. Ltd. and not doing any manufacturing activity. According to the Ld. representative, the raw potato and packing material are supplied by M/s Parle Biscuits Pvt. Ltd. The company is raising invoice excluding the cost of potato and packing material. Even if the manufacturing of potato is done on job work basis, according to the Ld. representative, the assessee is entitled for additional depreciation as claimed.

3. On the contrary, Ms. S. Vijayaprabha, the Ld. Departmental Representative, submitted that the assessee is not doing any manufacturing activity of its own. The assessee is doing job work. Even though the agreement provides for manufacturing of potato chips in its brand, according to the Ld. D.R., the assessee is not manufacturing any potato chips of its own brand. The assessee continued to manufacture potato chips for and on behalf of M/s Parle Biscuits Pvt. Ltd. The potato and other raw material and packing material were supplied by M/s Parle Biscuits Pvt. Ltd. Therefore, according to the Ld. D.R., the CIT(Appeals) has rightly confirmed the disallowance made by the Assessing Officer.

4. We have considered the rival submissions on either side and perused the relevant material available on record. The assessee is admittedly engaged in the business of manufacturing potato chips. The assessee claimed depreciation of ₹67,58,435/- in the original return. By way of revised return, the assessee also claimed additional depreciation of ₹84,16,727/-. The Assessing Officer disallowed the claim of the assessee on the ground that the activity of the assessee is manufacturing potato chips by using the raw material supplied by M/s Parle Biscuits Pvt. Ltd. It does not amount to manufacturing activity. This Tribunal is of the considered opinion that even though the raw material was supplied by M/s Parle Biscuits Pvt. Ltd., the activity of the assessee in preparing the potato chips from raw potato and packing the same by packing material supplied by M/s Parle Biscuits Pvt. Ltd. amounts to manufacturing activity. However, the details of machineries installed by the assessee are not available on record. Therefore, the Assessing Officer shall re-examine the matter and bring on record the details of machineries installed for manufacturing potato chips. Accordingly, orders of both the authorities below are set aside and the entire issue raised by the assessee is remitted back to the file of the Assessing Officer. The Assessing Officer shall re-examine the matter and after verifying the details of machineries said to be installed by the assessee, shall decide

the issue afresh in the light of the observation made by this Tribunal in this order.

5. With the above observation, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the court on 12th September, 2018 at Chennai.

sd/-
(ए. मोहन अलंकामणी)
(A. Mohan Alankamony)
लेखा सदस्य/Accountant Member
चेन्नई/Chennai,
दिनांक/Dated, the 12th September, 2018.
Kri.

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

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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