

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ - अहमदाबाद ।

IN THE INCOME TAX APPELLATE TRIBUNAL
AHMEDABAD – BENCH ‘SMC’

BEFORE SHRI RAJPAL YADAV, JUDICIAL MEMBER
AND
SHRI WASEEM AHMED, ACCOUNTANT MEMBER

आयकर अपील सं./ ITA No. 2555/Ahd/2017

निर्धारण वर्ष/Assessment Year: 2013-14

M/s.Uniwrap Systems P.Ltd. Plot No.383, GIDC Manusar, Tal: Savli Vadodara 391 175. PAN : AABCU 0130 H	Vs	ITO, Ward-2(1)(4) Baroda.
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अपीलार्थी/ (Appellant)	प्रत्यर्थी/ (Respondent)
Assessee by :	Shri Anil R. Shah, AR
Revenue by :	Shri O.P. Pathak, Sr.DR

सुनवाई की तारीख/Date of Hearing : 18/03/2019

घोषणा की तारीख /Date of Pronouncement : 19 / 03/2019

ORDER

PER RAJPAL YADAV, JUDICIAL MEMBER : Assessee is in appeal before the Tribunal against order of the Id.CIT(A)-2, Vadodara dated 28.8.2017 passed for the Asstt.Year 2013-14.

2. In ground no.2, it has pleaded that the Id.CIT(A) has erred in confirming the disallowance of depreciation amounting to Rs.4,190/-. The Id.counsel for the assessee did not press this ground of appeal, hence, it is dismissed.

3. In ground no.1, the assessee has taken three sub-grounds. It has pleaded that the Id.CIT(A) has erred in confirming the addition of Rs.2,42,640/- under section 56(2)(viib) of the Income Tax Act, 1961.

4. At the time of hearing, the Id.counsel for the assessee has placed on record a chart showing details of addition of share premium. This chart reads as under:

“Sub : Chart showing Details of Addition of Shares Premium

1) Shares Issued	6000
2) Face Value	Rs.10 per share
3) Share Premium	Rs.900 per share
4) Fair Market Value of Premium as per Valuation Report	859/56 per share
5) Difference on account of ‘Rounding off’	40/44
6) Difference on Rounding off is	4.70%
7) Difference for 6000 shares	Rs.2,42,640/-
8) Added by ITO in Asst. Order	Rs.2,42,640/-
9) Confirmed by CIT(A) +	Rs.2,42,640/-
10) Appeal to Hon. ITAT	

Note:

- 1) Rounding off is a Common Method followed in Commercial Practice.
- 2) Even Income Tax Department follows "Rounding off in calculation Tax payable.
- 3) Definition of "Rounding off is supported by Mathematics Dictionary.
- 4) Judgements relied.
 - a) *Microfirm Capital (P) Ltd. vs. Dy.CIT (2018) 168 ITD 301/89 taxmann.com 23 (Kolkata-Trib)*
 - b) *Rahul Constructions vs. Dy.CIT (2010) 38 DTR (Pune) (Trib) 19*

5. The Id.counsel for the assessee at the very outset submitted that fair market value of the premium charged by the assessee be taken as per valuation report i.e. Rs.859.56 per share. The limited contention was that this value be adopted at Rs.860/- per share, because the concept of rounding demonstrated that such estimated opinion be taken to nearest figure. If 0.44 is being added in the value worked out on the basis of valuation, then this value be taken at Rs.860/- per share. On the other

hand, the Id.DR relied upon the order of the AO. The finding of the Id.AO on this issue reads as under:

“During the year under consideration, the assessee allotted 6000 shares of face value of Rs.10/- per share with share premium of Rs.890/-. The assessee submitted before the A.O., a Valuation Report of the shares according to which fair market value was assessed at Rs.859.56. After invoking the provisions of section 56(2)(viib), the A.O assessed a sum of Rs. 2,42,640/- (Rs. 40.44 x 6000) being the amount of snare premium more than the fair market value, as income from other sources.”

6. A perusal of the above would indicate that the AO made the addition of Rs.2,42,640/- by multiplying 6000 shares with Rs.40.44. This valuation for determining this FMV on premium at Rs.859.56 is based on the basis of Chartered Accountant’s report obtained by the assessee itself. The limited prayer made by the assessee at time of hearing is that this figure should be adopted as a round figure i.e. Rs.860/-. It hardly makes any difference because Rs.0.44 multiplied by 6000 comes to 2640 only. If this amount is reduced from Rs.2,42,640/-, it does not make much difference. Therefore, considering this smallness of the amount, we do not wish to change working made by the AO on account of adopting the figure by round off concept. We do not see any merit in this appeal of the assessee. It is dismissed.

7. In the result, appeal of the assessee is dismissed.

Pronounced in the Open Court on 19th March, 2019.

**Sd/-
(WASEEM AHMED)
ACCOUNTANT MEMBER**

**Sd/-
(RAJPAL YADAV)
JUDICIAL MEMBER**

Ahmedabad; Dated, 19/03/2019