

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

BEFORE SHRI D. KARUNAKARA RAO, AM AND
SHRI S. S. VISWANETHRA RAVI, JM

आयकर अपील सं. / ITA No.1270/PUN/2017
निर्धारण वर्ष / Assessment Year : 2013-14

Peppermint Clothing Private Limited,
40/4, F1 No.10, the Solitare Bhonde,
Colony, Erandwane, Pune-411004.

PAN : AAECP3206E

.....अपीलार्थी / Appellant

बनाम / V/s.

DCIT, Circle-4,
Pune.

.....प्रत्यर्थी / Respondent

Assessee by : Shri Suhas Bora
Revenue by : Shri Pankaj Garg

सुनवाई की तारीख / Date of Hearing : 04.11.2019

घोषणा की तारीख / Date of Pronouncement : 06.11.2019

आदेश / ORDER

PER D. KARUNAKARA RAO, AM:

This appeal is filed by the assessee against the order of CIT(A)-3, Pune dated 20.02.2017 for the Assessment Year 2013-14.

2. The grounds raised by the assessee are as under :-

- “1. The learned Commissioner of Income Tax (Appeals) -3 is erred in making **additions of Rs 20,20,074 towards understatement of closing stock** for material received post year end without verifying the facts and documents submitted and without considering the submission and explanation given by the Assessee Company.
2. The learned Commissioner of Income Tax (Appeals) -3 is erred in appreciating that there is no loss to revenue as closing stock of 31/03/2013 will be carried forward as opening stock of next year i.e. 01/04/2013 and will automatically be tax neutral.
3. The appellant prays for admission of Additional grounds/ Additional evidence if any required to support its case.
4. The appellant craves leave to amend or alter any of the ground or grounds of appeal or add to the same, if deemed necessary.”

3. Before us, at the outset, ld. Counsel for the assessee submitted that the assessee filed the return of income declaring total income of Rs.80,13,257/-. The Assessing Officer made three additions and the assessment was completed u/s 144 r.w.s. 143(3) of the Act determined the total income at Rs.1,62,36,927/-. The contents of para 5 of the assessment order are relevant and the same are extracted as under :-

“05. Subject to the above aforesaid discussion, the total income of the assessee is computed as under :

<i>Particulars</i>	<i>Amount</i>
<i>Income as per return of income</i>	<i>Rs.80,13,257/-</i>
<i>Add : of understatement of closing stock for material received post year end</i>	<i>Rs.20,20,074/-</i>
<i>Add : on account of un-reconciled differences with Pantaloon Retail India Ledger</i>	<i>Rs.15,29,820/-</i>
<i>Add : on account of understatement of stock lying</i>	<i>Rs.46,73,776/-</i>
<i>Total income assessed u/s 143(3) of the Income Tax Act, 1961.</i>	<i>Rs.1,62,36,927/-</i>

4. Further, ld. Counsel mentioned that during the proceedings before the CIT(A) out of the said three additions, the additions of Rs.15,29,820/- and Rs.46,73,776/- stand deleted by the CIT(A). There is no appeal by the Revenue against the said additions. Therefore, what remains to be adjudicated by us now relates to the solitary issue of an addition of Rs.20,20,074/- made on account of “investment of closing stock”. The investment refers to the purchases made on 31.03.2013. On this addition of Rs.20,20,074/-, ld. Counsel for the assessee submitted that the assessee made purchases vide Voucher Nos.2148 to 2163 (Page 74 of the Paper Book) on 31.03.2013. These purchases are recorded duly in the Ledger Account with M/s. Mayka Lifestyle. However, suspecting these stocks are not recorded in the inventory of closing stock and alternatively, suspecting that the relevant goods were not sold out, the Assessing Officer made the said addition of Rs.20,20,074/-. Stock inventory was not properly verified by the

I.T. authorities. The CIT(A) confirmed the same as per discussion given in para 5.3 and its sub-paragraphs of his order.

5. Aggrieved with the said decision of the CIT(A), the assessee is in appeal before us with the above extracted grounds.

6. Before us, referring to the said addition of Rs.20,20,074/- and also to the orders of the Assessing Officer and the CIT(A), the ld. Counsel for the assessee brought our attention to the contents of page 74 of the Paper Book and submitted that the said purchases found placed in the Ledger Account in books of account of the assessee. Further, bringing our attention to page 107 of the Paper Book, ld. Counsel submitted that the inventory of closing stock made at the end of March, 2013 is worked out at Rs.6,52,75,980.73. Referring to the said figures, ld. Counsel submitted that the purchases amount of Rs.20,20,074/- purchased on 30th March, 2013 were not sold and the same are recorded in the closing stock of the assessee at the end of the year. However, when the question is raised by the Bench about the inclusion of the said purchases in the closing stock, ld. Counsel vehemently argued that the same is part of the said amount of Rs.6,52,75,980/- and if necessary, the Tribunal may direct the Assessing Officer to allow the claim of the assessee after due process of examination of the accounts of the assessee for the project under consideration. The assessee will furnish relevant details and the matter can be remanded to the file of the Assessing Officer for the limited purpose.

7. On hearing both the sides, we find there is no dispute about the purchases of the material amounting to Rs.20,20,074/- on 31st March, 2013 and the same are part of the books of account. Further, it is admitted position that the said purchases were not sold. Regarding the inclusion of

the said purchases in the closing stock, it is the claim of the assessee that they are part of the said amount of Rs.6,52,75,980/- and rely on the book entries. However, the assessee failed to demonstrate how this amount of Rs.20,20,074/- is included.

8. Considering the same, we are of the opinion, as requested by the assessee, the matter can be remanded to the file of the Assessing Officer for this limited purpose. The Assessing Officer shall grant reasonable opportunity of being heard to the assessee as per set principle of natural justice. Thus, the relevant grounds raised by the assessee are allowed for statistical purposes.

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

Order pronounced on 06th day of November, 2019.

Sd/-

(S. S. VISWANETHRA RAVI)
न्यायिक सदस्य/**JUDICIAL MEMBER**

Sd/-

(D. KARUNAKARA RAO)
लेखा सदस्य/**ACCOUNTANT MEMBER**

पुणे / Pune; दिनांक / Dated : 06th November, 2019.

Sujeet

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(A)-3, Pune.
4. The Pr. CCIT, Pune.
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "बी" बेंच, पुणे / DR, ITAT, "B" Bench, Pune.
6. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.