

**IN THE INCOME TAX APPELLATE TRIBUNAL
"C" BENCH : BANGALORE**

**BEFORE SHRI B.R BASKARAN, ACCOUNTANT MEMBER AND
SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER**

ITA No.2440/Bang/2018

Assessment year : 2015-16

M/s Channapala Chit Fund, No.324/2, Srinivasa Complex, 2 nd Main, P.J Extensin, Davanagere. PAN – AAIFC 2034 N	Vs.	The Income-tax Officer, Ward-1(1), Davanagere.
APPELLANT		RESPONDENT

Appellant by	:	Shri R Chandrashekar, Advocate
Respondent by	:	Shri Karuppusamy, Addl. CIT (DR)

Date of hearing	:	18.12.2019
Date of Pronouncement	:	26.12.2019

ORDER

Per B.R Baskaran, Accountant Member :

The assessee has filed this appeal challenging the order dated 26/3/2018 passed by Id CIT(A), Davanagere and it relates to the asst. year 2015-16.

3. The appeal is barred by limitation by 65 days. The assessee has moved a petition requesting the bench to condone the delay. We heard the parties on this preliminarily issue. Having regard to

the submissions made in the petition we condone the delay and admit the appeal.

3. The assessee is aggrieved by the decision of Id CIT(A) in confirming the addition of Rs.15.91 lakhs relating to outstanding current liability.

4. We heard the parties and perused the record. The assessee is engaged in the business of running chit funds. The AO noticed that the assessee has shown a sum of Rs.15.91 lakhs as liability under the head 'current liabilities – chits payable'. Since the assessee did not produce books of account or any other material to prove the genuineness of the liability, the AO treated the same as unproved liability and added the same to the total income of the assessee. The Id CIT(A) also confirmed the same.

5. The Id AR submitted that the AO was not correct in observing that there was no books of account. He submitted that the assessee has been maintaining the books of account. He further submitted the amount of Rs.15.91 lakhs consisted of chit amount payable to the subscribers and also includes a sum of Rs.11.19 lakhs received from chit members as advance payment. Since the assessee has maintained books of account, he submitted that the assessee would be in a position to furnish all the details that may be required by the AO to prove the liability. The Ld A.R submitted that he has also brought the books of account. Accordingly he submitted that the assessee may be provided with an opportunity in this regard.

6. We heard the Id DR and perused the record. Since the assessee has maintained books of account, we are of the view that the assessee may provided with an opportunity, in the interest of natural justice, to explain the issue before the AO. Accordingly we set aside the order passed by Id CIT(A) and restore this issue to the file of AO for examining it afresh.

7. In the result, all the appeal of the assessee is treated as allowed for statistical purposes.

Order pronounced in the open court on **26th December, 2019.**

Sd/-
(Pavan Kumar Gadale)
Judicial Member

Sd/-
(B.R Baskaran)
Accountant Member

Bangalore,
Dated, the 26th **December**, 2019.

/Vms/

Copy to:

1. Appellant (s) / Cross Objector(s)
2. Respondent(s)
3. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar ITAT, Bangalore

1. Date of Dictation
2. Date on which the typed draft is placed before the dictating Member
3. Date on which the approved draft comes to Sr.P.S
4. Date on which the fair order is placed before the dictating Member
5. Date on which the fair order comes back to the Sr. P.S.
6. Date of uploading the order on website.....
7. If not uploaded, furnish the reason for doing so
8. Date on which the file goes to the Bench Clerk
- Dictation note enclosed
9. Date on which order goes for Xerox & endorsement.....
10. Date on which the file goes to the Head Clerk
11. The date on which the file goes to the Assistant Registrar for signature on the order
12. The date on which the file goes to dispatch section for dispatch of the Tribunal Order
13. Date of Despatch of Order.
14. Dictation note enclosed