



**IN THE INCOME TAX APPELLATE TRIBUNAL,
CUTTACK 'SMC' BENCH, CUTTACK**

BEFORE SHRI CHANDRA MOHAN GARG, JUDICIAL MEMBER

ITA No.20/CTK/2020

Assessment Year : 2007-2008

Income Tax Officer, Bargarh Ward, Bargarh, Railway Station Road, Bargarh.	Vs.	M/s. Gopal Prasad Agrawal & Sons (HUF), M/s. Sakambari Rice Industries, Head Office Lengu Mishra Chowk, At/PO/Dist: Bargarh.
PAN/GIR No.AADHG 9001 N		
(Appellant)	..	(Respondent)

Assessee by : None

Revenue by : Shri S.K.Bandyo Padhayay, DR

Date of Hearing : 17 /06/ 2020

Date of Pronouncement : 17/06/2020

ORDER

This is an appeal filed by the Revenue against the order of the CIT(A), Sambalpur dated 18.10.2019 for the assessment year 2007-08.

2. The revenue has raised the following ground:

“On the fact and circumstances of the case, the Id CIT(A) Sambalpur is not justified in deleting the additions made under the head “under valuation of closing stock of rice” and under valuation of closing stock of bran for Rs.1,04,297/- and Rs.15,603/- respectively totaling to Rs.1,19,900/- in the order u/s.143(3)/147 of the Act dated 21.3.2013 for the A.Y. 2007-08, ignoring the evidence elaborately brought on record by the AO.”

3. None appeared on behalf of the respondent-revenue when the matter was called for hearing. Hence, I proceed to decide the appeal of the revenue exparte

qua the respondent assessee after hearing Id D.R. and on the basis of materials available on record.

4. On perusal of the impugned order, I find that the Id CIT (A) while deciding this issue in paras 3 & 4 has held as under:

"3. 3. The effective grievance of the appellant is the addition made by the assessing officer of Rs. 1,19,894/- on account of under valuation of closing stock. During the course of reassessment proceedings, the assessing officer has valued the closing stock on_ the basis of sale price. The appellant has vehemently argued that the stock has to be valued on the basis of cost or market price whichever lower and that regular books of accounts are maintained by him in which the actual stock is computed. The appellant has further stated that his stock is subjected to inspection by Civil Supply Department and is verified by Sales Tax Authorities. According to the appellant, the action of the assessing officer is arbitrary and therefore the additions need to be deleted.

4. I have carefully examined the assessment order and submissions of the appellant. In the original assessment order u/s.143(3) of I.T. Act, 1961, the stock declared by the appellant was accepted. .Thereafter, without any additional material in the possession, the assessing officer has reopened the assessment and valued the stock on the basis of the sale price. It is important to note that the appellant maintains books of accounts as well as stock register which are inspected by Civil Supplies Department of Odisha under Essential Commodity Act and also by other Government Agencies for Custom Milling Paddy. Considering these aspects, I am of the view that the action of the assessing officer to enhance the value of the stock is arbitrary and incorrect Accordingly, the addition of Rs. 1,19,894/- is ordered to be deleted. The grounds of appeal are allowed."

5. During the course of hearing, Id D.R. could not point out any specific defect in the order of the Id CIT(A), which warrant interference. I also observe that when the assessment has been completed u/s.143(3) by the AO, without any cogent material on record, there was no compulsion on the part of the AO to reopen the assessment and consequently enhancing the value of the stock. Hence, I affirm the order of the Id CIT(A) and reject the ground of appeal of the revenue.

6. In the result, appeal of the revenue is dismissed.

Order pronounced on 17 /06/2020.

Sd/-
(Chandra Mohan Garg)
JUDICIAL MEMBER

Cuttack; Dated 17/06/2020

B.K.Parida, SPS

Copy of the Order forwarded to :

1. The Appellant : Income Tax Officer, Bargarh Ward,
Bargarh, Railway Station Road, Bargarh.
2. The Respondent. M/s. Gopal Prasad Agrawal & Sons
(HUF), M/s. Sakambari Rice Industries, Head Office
Lengu Mishra Chowk, At/PO/Dist: Bargarh
3. The CIT(A)-, Sambalpur
4. Pr.CIT- , Sambalpur
5. DR, ITAT, Cuttack
6. Guard file.
//True Copy//

By order

Sr.Pvt.secretary
ITAT, Cuttack