

**IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'G' BENCH,  
NEW DELHI (THROUGH VIDEO CONFERENCING]**

**BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER, AND  
SHRI SUDHANSHU SRIVASTAVA, JUDICIAL MEMBER**

**ITA No. 4267/DEL/2018  
[A.Y 2013-14]**

Trim India Pvt Ltd  
Village Narsinghpur  
Old Khandsa Road,  
Gurgaon

**Vs.**

The Dy. C.I.T  
Circle -25(1)  
New Delhi

PAN: AACT 3822 E

(Applicant)

(Respondent)

Assessee By : Shri Rajeev Grover, CA  
Department By : Shri Anil Kumar Sharma, Sr. DR

**Date of Hearing : 09.11.2021  
Date of Pronouncement : 09.11.2021**

**ORDER**

**PER N.K. BILLAIYA, ACCOUNTANT MEMBER:-**

This appeal by the assessee is preferred against the order of the Commissioner of Income Tax [Appeals] - 9, New Delhi dated 03.03.2018 pertaining to assessment year 2013-14.

2. The solitary grievance of the assessee is that the CIT[A] erred in not considering the claim for additional deduction from total income of Rs. 5,81,750/- as the said amount was overstated in the return of income and the claim was made during the assessment proceedings.

3. A perusal of the order of the first appellate authority shows that this issue was raised perhaps for the first time as is evident from the following observations of the ld. CIT[A]:

"5.8 Ground no. 3 is directed against not allowing the relief of Rs.5,81,750/- pertaining to writing off of the assets. So far fact of the case is concerned, there is no mention of the same in the impugned order. However, the appellant in its submission has submitted as under.

Sir, during the course of assessment, the following submission was made before the assessing officer:

It is also submitted that during the year a sum of Rs 7,85,000/- and Rs.1,10,000/- was expended towards purchase of machinery and the following entries were passed 'in the books of accounts:

Plant & Machinery A/c Dr,	8,53,000	
To Global Engineering A/c		7,85,000
To Deco Vinyl Pvt. Ltd		1,10,000

Accordingly Depreciation & Additional Depreciation was claimed as per Income Tax Act by way of following entries:

Depreciation A/c Dr,	1,34,250/-	
Additional Depreciation A/c Dr.	1,79,000	
To Plant & Machinery A/c		3,13,250

Therefore, the change on revenue was Rs 3,13,250/- which was accordingly claimed. These assets were partly destroyed in fire and the vendors of these machinery refused to rectify them, therefore we did not pay them the amount due and a sum of Rs.8,95,000/- was written back in the income and the following entries was passed Global

Engineering A/c Dr.	7,85,000	
Deco Vinyl Pvt Ltd. A/c Dr.	1,10,000	
To Amount written off		8,95,000

In reality we should have not claimed depreciation and Additional depreciation and should not have offered Rs.8,95,000/- for taxation, correct situation should have been:

Global Engineering A/c Dr.	7,85,000	
Deco Vinyl Pvt. Ltd. A/c Dr.	1,10,000	
To Plant & Machinery A/c		8,95,000

So, by this mistake we have overstated income by Rs.8,95,000/- and understated our income by Rs.3,13,250/-, The net effect resulted in overstatement of income by Rs.5,81,750/-."

4. The Id. CIT(A) dismissed the claim of the assessee by holding as under:

"5.9 I have considered the submissions of the appellant. It is noted that the appellant incurred an amount of Rs.895006/- to acquire plant and machinery on which depreciation of Rs.313250/- was claimed in its return of income. Now the appellant is claiming that the entries so made was erroneous and in consequence its income has been overstated by an amount of Rs.581750/- (Rs.895000 - Rs.313250). In the given circumstances, the acquisition of plant and machinery and claim of depreciation thereon is the first mode of accounting which the appellant has availed. I do not find any infirmity in the accounting system wherein the plant & machinery A/c has been debited by an amount of Rs. 895000/- and depreciation of Rs.313250/- for the previous year has been claimed in the account. The appellant has no where stated that the entries so passed in the books of account on acquisition of asset as under is in accordance with accounting principles."

5. Before us, the ld. counsel for the assessee vehemently contended that the assets were partly destroyed in fire and vendors of machines refused to rectify them. Therefore, the assessee did not pay the amount due and a sum of Rs. 8.95 lakhs was written back. It is the say of the ld counsel that by writing back the amount inadvertently, the income was overstated by Rs. 8.95 lakhs and understated by Rs. 3,13,250/- resulting into net effect of Rs. 5,81,750/-. The ld counsel concluded by saying that the assessee has every right to make fresh claim or modify the claim and, therefore, the same should be allowed.

6. Per contra the ld. DR vehemently stated that reversal entries and destruction by fire has not been examined by the Assessing Officer and, therefore, one opportunity should be given to the Assessing Officer to examine this claim and decide as per the provisions of law.

7. We have given thoughtful consideration to the order of the ld. CIT(A) qua the claim of the assessee. We find that the ld. CIT(A) has dismissed the claim without considering the reversal entry passed by the assessee due to destruction of the machines by fire. We find force in the contention of the ld. DR. Since this claim was never examined by the

Assessing Officer qua the destruction of the machines due to fire, the same needs to be verified afresh. Therefore, in the interest of justice and fair play, we restore this issue back to the file of the Assessing Officer. The assessee is directed to explain the facts to the satisfaction of the Assessing Officer and the Assessing Officer is directed to decide the issue afresh after giving reasonable and sufficient opportunity of being heard to the assessee.

8. In the result, the appeal filed by the assessee in ITA No. 4267/DEL/2018 is allowed for statistical purposes.

The order is pronounced in the open court on 09.11.2021.

Sd/-

**[SUDHANSHU SRIVASTAVA]**  
JUDICIAL MEMBER

Sd/-

**[N.K. BILLAIYA]**  
ACCOUNTANT MEMBER

Dated: 09<sup>th</sup> November, 2021

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,  
ITAT, New Delhi

Date of dictation	
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr.PS/PS	
Date on which the final order is uploaded on the website of ITAT	
Date on which the file goes to the Bench Clerk	
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	