

income at Rs.1,01,51,629/-. During the course of assessment proceedings, the Assessing Officer (AO) observed that there were sundry creditors appearing in the balance sheet at Rs.7,80,03,248/-. On going through the list of sundry creditors, he noted that the closing balance in the account of Rainbow Reality Pvt. Ltd. was Rs.4.36 crore and Bhuleshwar Steel Alloys Pvt. Ltd. was Rs.72.19 lakh. On being called upon to furnish the confirmation letters, the assessee furnished the same. The AO deputed Senior Tax Assistant for getting information u/s.133(6) of the Income-tax Act, 1961 (hereinafter also called 'the Act') from the two parties. The Senior Tax Assistant reported that the parties were not existing at the given addresses. In that view of the matter, the AO made the addition of total creditors balance amounting to Rs.7.80 crore. The ld. CIT(A) deleted the addition.

4. We have heard both the sides and perused the relevant material on record. The AO has discussed the two parties for making the addition, which have been assailed in the instant appeal. The first party is Rainbow Reality Pvt. Ltd. with closing balance at Rs.4,36,04,021/-. The assessee submitted before the ld. CIT(A) that the credit balance in this account did not pertain

to the year under consideration as the same was brought forward from last three to four years. Every year interest was provided on the credit balance after due deduction of tax at source and deposited in the Government Treasury. The ld. CIT(A) got convinced with the assessee's submission. The contention of the ld. DR is that the ld. CIT(A) deleted the addition without granting opportunity of hearing to the AO in respect of material furnished by the assessee for the first time and did not call for any remand report. We have examined the copy of the ledger account of Rainbow Reality Pvt. Ltd. appearing in the books of assessee as given at page 49 of the paper book. It shows the opening balance at Rs.3.93 crore. Interest has been credited to the account and after deducting tax at source, the closing balance comes to Rs.4.36 crore. Index of the paper book clearly shows that the copy of the ledger account of Rainbow Reality Pvt. Ltd. was produced by the assessee before the AO as well. The ld. DR has not pointed out anything to controvert that the certificate given by the assessee in the index of the paper book is wrong in any manner. It, therefore, becomes manifest that the closing balance in the case of Rainbow Reality Pvt. Ltd. was nothing but

opening balance for the preceding year as added by the amount of interest. There is hardly any need to emphasize that no addition can be made u/s.68 of the Act in respect of the opening balance. In view of the fact that the copy of the ledger account of this party was before the AO, we are satisfied that the Id. CIT(A) committed no mistake in deleting the addition and further there was no new material examined by the Id. CIT(A) in this regard, which could have called for a remand report from the AO.

5. The second creditor is Bhuleshwar Steel Alloys Pvt. Ltd. with balance to Rs.72.19 lakh. The Id. CIT(A) noted that there were regular purchase transactions of material from the party and the payments were made by the assessee by means of cheques. We have examined the ledger account of this party given at page 131 of the paper book. A cursory look at this account clearly indicates purchase from this party and payments made. In view of the fact that the purchases made by the assessee have been accepted by the AO and no addition has been made on that score, we hold that closing balance, emerging from such purchase transactions, cannot be considered as a bogus creditor. It is

further seen that a copy of the ledger account of this party was also before the AO as has been certified by the assessee in index to paper book, which has not been disputed by the ld. DR. We, therefore, hold that the ld. CIT(A) was fully justified in deleting the addition.

6. In the result, the appeal is dismissed.

Order pronounced in the Open Court on 06th December, 2021.

Sd/-
(S.S. VISWANETHRA RAVI)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 06th December, 2021
Satish

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. आयकर आयुक्त(अपील) /
The CIT (Appeals)-4, Pune
4. The PCIT-3, Pune
5. DR, ITAT, A Bench, Pune ;
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

// True Copy //

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

		Date	
1.	Draft dictated on	02-12-2021	Sr.PS
2.	Draft placed before author	02-12-2021	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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