

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

श्री महावीर सिंह, माननीय उपाध्यक्ष, एवं
श्री जी. मंजूनाथा, माननीय लेखा सदस्य के समक्ष
BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT AND
SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.685/Chny/2019
निर्धारण वर्ष /Assessment Year: 2004-05

Smt.N.Pappi @ Nandhakumari,
No.125/3, Sankagiri Main Road,
Nethimedu, Salem-636 002.

v. The Income Tax Officer,
Ward-1(2),
2, Gandhi Road,
Salem-636 007.

[PAN: AOUPP 4028 H]
(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : Mr.I.Dinesh, Adv.
प्रत्यर्थी की ओर से /Respondent by : Mr.P.Sajit Kumar, JCIT
सुनवाई की तारीख/Date of Hearing : 27.06.2022
घोषणा की तारीख /Date of Pronouncement : 01.07.2022

आदेश / ORDER

PER G. MANJUNATHA, ACCOUNTANT MEMBER:

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), Salem, dated 25.01.2019 and pertains to assessment year 2004-05.

2. The brief facts of the case are that a survey u/s.133A of the Act, was conducted in the partnership firm of the assessee's husband on 03.03.2004. Consequent to the survey, the case has been taken up for scrutiny and the assessment has been completed u/s.144 of the Act, dated 27.12.2006 and determined total income of Rs.40,55,581/-. The assessee

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carried the matter in appeal before the First Appellate Authority and the Ld.CIT(A) for the reasons stated in his appellate order dated 25.01.2019, has partly allowed the appeal and on further appeal filed by the Department, the ITAT in ITA Nos.780 & 781/Mds/2014 dated 26.06.2015, has set aside the orders of the authorities below and remitted the issue back to the file of the AO for fresh consideration of various issues. During the second round of litigation, the AO has considered three issues i.e. deposits in bank account, closing balance in bank accounts and valuation of closing stock of shares. The AO after considering relevant submissions of the assessee has accepted closing balance in bank accounts. However, made addition towards deposits in Indian Bank, Punjab National Bank and Syndicate Bank amounting to Rs.22,50,433/- and also closing stock of shares at Rs.5,62,487/-. The assessee challenged the assessment order before the First Appellate Authority, but could not succeed. The Ld.CIT(A) for the reasons stated in his appellate order dismissed the appeal filed by the assessee.

3. The Ld.AR for the assessee referring to assessment order dated 30.12.2016 and more particularly, Para No.7 on the issue of addition towards value of closing stock submitted that although the AO has considered closing stock value of M/s.SSKI at Rs.2,58,348/- and M/s.Motilal Oswal Securities, amounting to Rs.1,24,585/-, the total of sum will come to Rs.3,82,833/-, but he has made additions of Rs.5,62,487/- which includes a sum of Rs.1,79,554/- towards closing balance of various bank

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accounts, although, the same has been accepted by the AO and no addition is made. Therefore, suitable directions may be given to the AO to rectify the mistakes in total amount added for value of closing stock.

4. The Ld.DR, on the other hand, supporting the order of the Ld.CIT(A), submitted that the matter may be remitted back to the file of the AO for verification.

5. We have heard both the parties, perused the materials available on record along with assessment order dated 30.12.2016. We find that the assessee is not disputing additions towards value of closing stock of M/s.SSKI and M/s.Motilal Oswal Securities. The only dispute is with regard to total amount of closing stock of shares added by the AO. As per the assessee, the total of two stocks comes to Rs.3,82,933/- whereas, the AO has made addition of Rs.5,62,487/-. We find that sum of two accounts i.e. M/s.SSKAI for Rs.2,58,348/- and M/s.Motilal Oswal Securities, for Rs.1,24,585/- comes to Rs.3,82,933/- whereas the AO has made addition of Rs.5,62,487/-. We have verified the difference between the additions made by the AO and additions he ought to have been made and find that the AO had included a sum of Rs.1,79,554/- being closing balance of various bank accounts as on 31.03.2014, even though, the AO observed in his assessment order that after considering submissions of the assessee, no addition is made on account of closing balance. Therefore, we are of the considered view that there is a mistake in as much as to make additions towards closing balance of Rs.1,79,554/-. Therefore, we direct the AO to

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exclude a sum of Rs.1,79,554/- and confirm additions towards value of closing stock of shares for Rs.3,82,933/-.

6. In the result, the appeal filed by the assessee is partly allowed.

Order pronounced on the 01st day of July, 2022, in Chennai.

Sd/-
(महावीर सिंह)
(MAHAVIR SINGH)
उपाध्यक्ष /VICE PRESIDENT

Sd/-
(जी. मंजूनाथा)
(G. MANJUNATHA)
लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,
दिनांक/Dated: 01st July, 2022.
TLN

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त (अपील)/CIT(A)
4. आयकर आयुक्त/CIT
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF