

THE INCOME TAX APPELLATE TRIBUNAL
"A" BENCH MUMBAI

SHRI B.R. Baskaran (AM) & Shri Pavan Kumar Gadale (JM)

ITA No.921/Mum/2022 (Assessment Year 2011-12)

Advantage Overseas Private Limited 414, A-Wing Express one, Off Western Express Highway Malad (East) Mumbai – 400 097	Vs.	DCIT 1(1) Bhopal, Madhya Pradesh 462011
PAN/GIR No. AAAECA 8925F		
(Appellant)	..	(Respondent)

Assessee by	Shri Rushabh Mehta & Ms. Aparna Sivakumar
Revenue by	Shri Manoj Sinha
Date of Hearing	14.09.2022
Date of Pronouncement	16.09.2022

ORDER

Per B.R. Baskaran (AM) :

The assessee has filed this appeal challenging the order dated 14-03-2022 passed by Ld CIT(A)-53, Mumbai and it relates to the assessment year 2011-12. The assessee is aggrieved by the decision of Ld CIT(A) in confirming the addition relating to interest income difference amounting to Rs.48,16,901/- made by the AO and further enhancing the said addition by Rs.12,98,777/-.

2. The facts relating to the above said issue are stated in brief. The assessee company is engaged in trading of agro commodities. The AO noticed that the assessee has shown interest income of Rs.7.88 crores in the Profit and Loss account. However, Form 26AS of the assessee reflected interest income of Rs.8.36 crores. Hence the AO added difference amount of Rs.48 lakhs to the total income. Before Ld CIT(A), the assessee submitted that it had debited "interest accrued" amount of Rs.61,15,678/- to the Interest income account and accordingly, it has disclosed net interest income of Rs.7,78,04,522/- in the Profit and Loss account. The assessee also submitted that Form 26AS has reflected interest income of Rs.7,28,89,135/-** only and it has disclosed more

interest income. However, the Ld CIT(A) took the view that the assessee should not have debited "interest income" account with the interest accrued amount of Rs.61,15,678/-. Accordingly, he enhanced the addition to Rs.61,15,678/-. Aggrieved, the assessee has filed this appeal before the Tribunal. (**There is contradiction between the assessment order and the statement made by the assessee before Ld CIT(A))

3. We heard the parties on this issue and perused the record. We notice that the difference between the interest income disclosed in the Profit and Loss account and that reflected in Form 26AS needs to be reconciled, i.e., it is a simple matter of reconciliation only. If the accrued interest had been offered as income in the preceding year, the same is required to be deducted from the interest actually received, so that only net interest income shall be offered in the year of receipt. At the time of hearing, the Ld A.R furnished a reconciliation statement and submitted that there is no understatement of interest income as observed by the AO. Accordingly, he prayed for deletion of the addition made by the tax authorities. The Ld D.R submitted that the tax authorities have made the addition, since the assessee did not properly explain the difference.

4. Since the assessee has furnished reconciliation statement, we are of the view that the same requires to be examined at the end of AO, so that the AO can get himself satisfied that there was no understatement of interest income as contended by the assessee. Accordingly, we set aside the order passed by Ld CIT(A) and restore this issue to the file of AO for examining it afresh by duly considering the reconciliation statement, information and explanations that may be furnished by the assessee. After hearing the assessee, the AO may take appropriate decision in accordance with law.

5. In the result, the appeal filed by the assessee is treated as allowed for statistical purposes.

Order pronounced on 16.9.2022.

Sd/-
(PAVAN KUMAR GADALE)
JUDICIAL MEMBER

Sd/-
(B.R.BASAKARAN)
ACCOUNTANT MEMBER

Mumbai; Dated : 16/09/2022

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT
5. DR, ITAT, Mumbai
6. Guard File.

//True Copy//

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BY ORDER,

(Assistant Registrar)
ITAT, Mumbai