

**THE INCOME TAX APPELLATE TRIBUNAL
DELHIBENCH 'B', NEW DELHI**

Before Smt Diva Singh, Judicial Member

Dr. B. R. R. Kumar, Accountant Member

ITA No. 9226/Del/2019 : Asstt. Year: 2016-17

ACIT, Circle-7(1), New Delhi-110002 (APPELLANT)	Vs.	Dayal Steel Pvt. Ltd., D-1072, New Friends Colony, New Delhi-110032 (RESPONDENT)
PAN No. AAACD1063F		

**Assessee by : Sh. Prateek Gupta, CA &
Sh. Satyajeet Goel, CA**

Revenue by : Sh. Ram Kirshna Meena, Sr. DR

Date of Hearing: 05.04.2023

Date of Pronouncement: 11.04.2023

ORDER

Per Dr. B. R. R. Kumar, Accountant Member:

The present appeal has been filed by the revenue against the order of Id. CIT(A)-3, New Delhi dated 27.09.2019.

2. The revenue has raised the following grounds of appeal:

"1. On the facts and in circumstances of the case and in law, the Ld. CIT(A) has erred in deleting the addition of Rs. 2,26,66,317/- made by the AO on account of the assessee company as compared to the closing balance as shown in the books of accounts of M/s ACE Exim Pte Ltd."

3. The brief facts of the case are that the appellant is engaged in the business of trading of ferrous & non-ferrous metals and metal scrap.

Excerpts from the Assessment Order:

4. During the assessment proceedings, the assessee was asked to submit a confirmed copy of accounts of its outstanding balance of Rs. 2,88,90,600/- in respect of an entity namely, Ace Exim Pte. Ltd. with respect to import of goods. The assessee has submitted copy of its own account in the Books of Ace Exim at USD 92,270.88. The AO held that if the balance in USD 92270.88 is converted at 31st March 2016, amount in INR comes to Rs. 62,24,483/-. Thus, there is excess credit in the Books of Rs. 2,26,66,317/- The facts are not in dispute. The assessee before the AO explained that M/s Ace Exim makes the credit in the Books after getting the bill discounted from Bank whereas Assessee debit the same on actual payment. The AO held that the explanation is vague and without facts and figures and therefore added the difference of Rs. 2,26,66,317/- to the total income.

5. The Id. CIT(A) deleted the addition after reconciling the figures.

6. Aggrieved, the revenue filed appeal before us. The Id. DR argued that there is a difference between the confirmation filed by the party and the balance sheet of the assessee. The Id. AR supported the order of the Id. CIT(A).

7. Heard the arguments of both the parties and perused the material available on record and the reconciliation of the Id. CIT(A) which is as under:

"The difference in between the balances in nut shell is as follows:-

<i>Balance of Ace Exim Pte Ltd. in the books of Appellant as on 31st March 2016 (Refer Page No. 22 to 26 of paper book.</i>	<i>2,88,90,600.93</i>
<i>Balance of Dayal Steels Pvt. Ltd. (Appellant) in the books of M/s. Ace Exim Pte Ltd. as on 31 March 2016 (92,270.88 USD) (Refer Page No. 27 to 31 of the paper books).</i>	<i>62,24,483</i>
<i>Difference</i>	<i>2,26,66,117.93</i>

That the above difference is solely on account of timing of payment against LC by the appellant Company and the discounting of LC by the Seller.

These transactions relate to the one where import has been made upon issuance of letter of credits LCs which are due for payment on 11.04.2016 and 25.04.2015 the combine total amount of such invoices is 3,41,317.52 USD equivalent to INR 2,25,08,876/-

The copies of the Letter of Credits issued by the assessee company to M/s. Ace Exim Pte Ltd. with respect to aforementioned invoices are as under:

<i>S.No.</i>	<i>Reference No.</i>	<i>Invoices No's.</i>	<i>Amount in USD</i>	<i>Amount in INR</i>
<i>1.</i>	<i>169 AANDE/000119 Due Date 11.04.2016</i>	<i>M 201 M202 M 203 M 204</i>	<i>19468.40 29691.48 39879.72 86215.60 25416.40</i>	
			<i>2,00,671.60</i>	<i>1,32,32,286</i>
<i>2.</i>	<i>169 AANDE/000124 Due Date 25.04.2016</i>	<i>M20+6 M207 M209 M210</i>	<i>21,087.60 44691.12 20131.48 54735.12</i>	
			<i>1,40,645.32</i>	<i>91,54,643</i>

8. The copy of the submission dated 11.09.2018 filed during the assessment proceedings explaining the aforementioned reason was perused. The payment of aforementioned letter of credits has been made by the appellant on the due dates USD 200671.60 equivalent to INR 1,35,61,387/-on 11.04.2016 and USD 140645.92 equivalent to Rs. 93,86,709 on 25.04.2016. The very fact can be verified from the copy of account of M/s. Ace

Exim Pte Ltd. for the F.Y. 2016-17 which was submitted during the assessment proceedings also. Further, from the copy of confirmed ledger account received from M/s. Ace Exim Pte Ltd. and transactions mentioned on 23.11.2015 and 24.11.2015 wherein the supplier company has clearly credited the account of the appellant in its books by way of discounting of LC's stated above bearing amounts of 200671.60 \$ and 140645.92\$ respectively. The AO failed to point out any defects in the purchases made by the appellant from M/s. Ace Exim Pte Ltd. and the addition is made on the sole ground that there was a difference in closing balance as appearing in the books of accounts of the appellant and as furnished in the confirmation ledgers produced from M/s. Ace Exim Pte Ltd.

9. We have enquired the Id. AR as to how the difference is adjusted in the books after the due payments. It was submitted that the difference is credited in the accounts after the actual payments.

10. Therefore in view of above there was in actual no difference in the balances and the difference which has arisen is only due to the difference in the accounting methodology of both the parties concerned and hence, we decline to interfere with the order of the Id. CIT(A).

11. In the result, the appeal of the Revenue is dismissed.

Order Pronounced in the Open Court on 11/04/2023.

Sd/-

(Diva Singh)
Judicial Member

Dated: 11/04/2023

Subodh Kumar, Sr. PS

Sd/-

(Dr. B. R. R. Kumar)
Accountant Member