

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
IN THE INCOME-TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI  
श्री वी दुर्गा राव न्यायिक सदस्य एवं श्री जी. मंजुनाथा, लेखा सदस्य के समक्ष  
Before Shri V. Durga Rao, Judicial Member &  
Shri Manjunatha, G. Accountant Member

आयकर अपील सं./I.T.A. No.247/Chny/2021  
निर्धारण वर्ष/Assessment Year: 2016-17

R. Dhinakaran (HUF),  
18, Bharathiyar Salai, Gem Nagar,  
Seviliumedu , Kanchipuram 631 502,  
Tamil Nadu.

Vs. The Principal Commissioner of  
Income Tax, Chennai-1,  
Chennai.

**[PAN:AANHR6593Q]**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri S. Sridhar, Advocate  
प्रत्यर्थी की ओर से/Respondent by : Shri R. Mohan Reddy, CIT  
सुनवाई की तारीख/ Date of hearing : 10.07.2023  
घोषणा की तारीख /Date of Pronouncement : 23.08.2023

**आदेश / O R D E R**

**PER V. DURGA RAO, JUDICIAL MEMBER:**

This appeal filed by the assessee is directed against the order of the Id. Principal Commissioner of Income Tax, Chennai 1, Chennai dated 18.03.2021 relevant to the assessment year 2016-17 passed under section 263 of the Income Tax Act, 1961 ["Act" in short].

2. The appeal filed by the assessee is delayed by 51 days in filing the appeal before the Tribunal due to outbreak of Covid-19 pandemic.

Accordingly, the delay of 51 days in filing the appeal is condoned and admitted the appeal for adjudication.

3. Brief facts of the case are that the assessee filed the return of income for the assessment year 2016-17 on 31.03.2017 admitting total income of ₹.10,28,290/-. The case of the assessee was selected for limited scrutiny by CASS the reason being "low closing stock shown in profit & loss account as compared to preceding year and return of income filed after 07.11.2016 and cash deposit reported in SFT14". The Assessing Officer issued notice under section 143(2) of the Act dated 18.09.2017. Subsequently, the Assessing Officer issued a letter dated 12.01.2018 calling for details. On verification of the details filed by the assessee along with return of income, the Assessing Officer found that there was a difference in closing stock compared to the return of income of the previous year and cash deposits reported in SFT14. When the Assessing Officer questioned about the correct valuation of stock, the AR of the assessee was unable to substantiate, but, filed a letter from the assessee on 16.03.2018 in which the assessee has agreed a sum of ₹.5,00,000/- towards his business income. Accordingly, the Assessing Officer has completed the assessment under section 143(3) of the Act

dated 23.05.2018 assessing total income of the assessee at ₹.15,32,334/- by making addition of ₹.6,33,334/-.

4. Subsequently, on an examination of the assessment records, the Id. PCIT has found that the assessment order passed under section 143(3) of the Act dated 23.05.2018 to be erroneous and prejudicial to the interest of Revenue and accordingly, by invoking the provisions of section 263 of the Act, the Id. PCIT issued show-cause notice dated 22.01.2021 for filing objections, if any, to the proposed revision. After considering the submissions in response to the above show cause notice, the Id. PCIT has observed that the reasons for selection of the return under CASS were not properly examined and verified by the Assessing Officer. Accordingly, the Id. PCIT set aside the assessment order passed under section 143(3) of the Act and directed the Assessing Officer to examine and decide the issues afresh by making proper enquiry after affording opportunity of being heard to the assessee.

5. On being aggrieved against the revision order passed under section 263 of the Act dated 18.03.2021, the assessee preferred further appeal before the Tribunal. The Id. Counsel for the assessee has submitted that the Assessing Officer has examined the entire issues and by considering the explanations of the assessee, the assessment order was completed

under section 143(3) of the Act. The Id. PCIT, by exercising the power conferred under section 263 of the Act set aside the assessment order only on the ground that sufficient enquires are not made. The Id. Counsel has submitted that the provisions of section 263 of the Act cannot be invoked by the Id. PCIT by observing that the Assessing Officer has not made sufficient enquires before completing the assessment.

6. On the other hand, the Id. DR has submitted that in this case, the Assessing Officer, without making any enquiry/investigation, simply accepted the addition agreed by the assessee. Therefore, the Id. PCIT has correctly exercised the powers conferred under section 263 of the Act and also submitted that the order passed by the Assessing Officer is erroneous and prejudicial to the interest of the Revenue.

7. We have heard both the sides, perused the materials available on record and gone through the assessment order as well as revision order passed under section 263 of the Act. Admittedly, the return filed by the assessee was selected for limited scrutiny through CASS to examine the following issues:

- (i) Low closing stock shown in P & L account as compared to preceding year.
- (ii) Return of income filed after 07.11.2016

(iii) Cash deposit reported in SFT 14.

However, on perusal of the assessment order, we find that during the course of assessment proceedings, the Assessing Officer has questioned about the correct valuation of stock alone. In the assessment order, the Assessing Officer has not made any mention towards enquiry about the cash deposit as reported in SFT 14. Thus, we are of the opinion that the assessment order is very cryptic without speaking about the verifications made by the Assessing Officer for which the return filed by the assessee was selected for "Scrutiny".

8. Against the notice under section 263 of the Act, before the Id. PCIT, the assessee has explained that the assessee was engaged in real estate business and sold plots during the year for a total consideration of ₹.3,03,46,301/- and the same has not been reflected in the bank account of the assessee for the reason that the sale proceeds of the plots are cash sales only. On an overall examination of the records, the Id. PCIT has correctly observed that no proper examination/verification was done by the Assessing Officer while passing the assessment order under section 143(3) of the Act on the above issue and the Assessing Officer had passed the order without application of mind. We find no reason to

interfere with the order passed by the Id. PCIT and accordingly, the appeal filed by the assessee is dismissed.

9. In the result, the appeal filed by the assessee is dismissed.

Order pronounced on 23<sup>rd</sup> August, 2023 at Chennai.

Sd/-  
(MANJUNATHA, G.)  
ACCOUNTANT MEMBER

Sd/-  
(V. DURGA RAO)  
JUDICIAL MEMBER

Chennai, Dated, 23.08.2023

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to: 1. अपीलार्थी/Appellant, 2. प्रत्यर्थी/ Respondent,  
3. आयकर आयुक्त/CIT, 4. विभागीय प्रतिनिधि/DR & 5. गार्ड फाईल/GF.