

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "E" DELHI**

**BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT  
&  
SHRI PRADIP KUMAR KEDIA, ACCOUNTANT MEMBER**

I.T.A. No.1630/DEL/2021  
Assessment Year 2015-16

N K Securities C/o CA (Dr) Vinay K Goel 75 Navyug Market 1 <sup>st</sup> Floor, Ghaziabad Uttar Pradesh	Vs.	Principal Commissioner of Income Tax, Noida
TAN/PAN: AAIFN7457N		
(Appellant)		(Respondent)

Appellant by:	Shri Vaibhav Goel, CA		
Respondent by:	Shri Subhra Jyoti Chakraborty, CIT-DR		
Date of hearing:	28	08	2023
Date of pronouncement:	05	09	2023

**ORDER**

**PER PRADIP KUMAR KEDIA, A.M.:**

The captioned appeal has been filed at the instance of the assessee against the revisional order of the Id. Principal Commissioner of Income Tax, Noida ('Pr.CIT' in short) dated 24.03.2021 wherein order passed by the Assessing Officer (AO) under Section 143(3) of the Income Tax Act, 1961 (the Act) dated 20.11.2017 concerning AY 2015-16 was held to be erroneous in so far as prejudicial to the interest of the revenue within the meaning of Section 263 of the Act.

2. As per the grounds of appeal, the assessee has challenged the revisional jurisdiction usurped by the Pr.CIT in exercise of power conferred under Section 263 of the Act on the grounds

that expenses incurred in respect of consumable to the tune of Rs.14,84,476/- were not actually incurred wholly and exclusively for the purposes of business during the relevant previous financial year i.e., F.Y. 2013-14.

3. We have carefully considered the rival submissions and perused the material available on record.

4. The Id. counsel for the assessee contends that the Pr.CIT has misdirected itself in law and on facts in setting aside the assessment order and remanding the matter back to the Assessing Officer for re-computing the income by disallowing the aforesaid expenses. It is the case of the assessee that as per generally accepted accounting principles, consumables are recognized as cost during the year/period of actual consumption or utilization irrespective of the year of purchase; the liability to pay actually crystallized during the year under consideration, which was duly substantiated by the necessary ledger accounts and bank statement; the consumables purchased through these invoices could not have been utilized in the preceding AY 2014-15 as they were purchased at the fag-end of the month of March 2014 (relevant to the preceding AY 2014-15); and therefore, all evidences available on record suggested that these could be utilized only during the year under consideration i.e., AY. 2015-16.

5. We find palpable merit in the plea raised on behalf of the assessee. On facts, the assessee submitted that four bills of M/s. Forcible IT Solutions Pvt. Ltd. dated 03.03.2014, 19.03.2014, 22.03.2014 and 28.03.2014 aggregating to Rs.14,84,476/- have

been accounted for in F.Y. 2014-15 as the material so purchased were utilized in F.Y. 2014-15 and not in F.Y. 2013-14. Be that as it may, the disallowance on account of prior period expenditure will have the identical and equal opposite effect of reduction of income in the preceding assessment year. Thus, the resultant timing difference in accounting for the bills in Assessment Year 2014-15 in question rather than in F.Y. 2013-14 to which the bills relates to, by itself, would not cause any prejudice to the interest of the revenue *per se*. Needless to say, the exercise of power conferred under Section 263 is governed by twin conditions; (i) the order should be erroneous (ii) the order must cause prejudice to the interest of the revenue. Both the conditions must co-exist. In the present case, while the action of the assessee may possibly be called erroneous, in the ultimate result, such alleged error has not caused any prejudice to the interest of the revenue *per se*. The expenses have been claimed only in one year. The twin requirements of Section 263 are thus not simultaneously met. We thus set aside and quash the revisional order and restore the position taken by the Assessing Officer.

6. In the result, the appeal of the assessee is allowed.

**Order pronounced in the open Court on 05/09/2023**

**Sd/-**

**[SAKTIJIT DEY]  
VICE PRESIDENT**

DATED: /09/2023

*Prabhat*

**Sd/-**

**[PRADIP KUMAR KEDIA]  
ACCOUNTANT MEMBER**

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