

आयकर अपीलीय अधिकरण, इंदौर न्यायपीठ, इंदौर
IN THE INCOME TAX APPELLATE TRIBUNAL
INDORE BENCH, INDORE
BEFORE SHRI VIJAY PAL RAO, JUDICIAL MEMBER
AND
SHRI B.M. BIYANI, ACCOUNTANT MEMBER

ITA No. 410/Ind/2023
Assessment Year : 2015-16

M/s. Rajratan Global Wire Limited, 11/2, Meera Path, Indore (Appellant/Assessee)	<u>बनाम/</u> Vs.	DCIT/ACIT, Circle 4(1), Indore (Respondent/Revenue)
PAN: AABCR-4530-Q		
Assessee by	Shri P.D. Nagar, CA & Ld. AR	
Revenue by	Shri Ashish Porwal, Sr. DR	
Date of Hearing	06.02.2024	
Date of Pronouncement	09.02.2024	

आदेश / O R D E R

Per B.M. Biyani, A.M.:

Feeling aggrieved by appeal-order dated 16.10.2023 passed by CIT(A)/ Addl./JCIT(A)-2, Coimbatore ["CIT(A)"], which in turn arises out of assessment-order dated 01.05.2017 passed by learned ACIT, Circle 4(1), Indore ["AO"] u/s 143(3) of Income-tax Act, 1961 ["the Act"] for Assessment-Year ["AY"] 2015-16, the assessee has filed this appeal on following grounds:

“(01) That the Ld. CIT(A) erred in law in confirming the addition of Rs. 23,35,022/- made towards valuation of closing stock at Rs. 1,27,75,734/- after corresponding deduction of Rs. 1,04,40,712/- towards opening stock vide order u/s 143(3) of the Act for earlier assessment year 2014-15 by invoking provisions of section 145A of the

Act. He overlooked the fact that section 145A prescribes “inclusive method” whereas the appellant followed “exclusive method” of accounting. Therefore, purchase price of raw material consumed debited to profit and loss account was excluding the element of excise duty hence valuation of closing stock was made at cost excluding duty element having no impact on the net profit of the appellant hence addition so confirmed is unjustified and bad in law.

(02) That the Ld. CIT(A) erred in law in not appreciating the fact that such valuation of closing stock was based on consistent method of accounting followed as per Accounting Standards prescribed by Institute of Chartered Accountants of India having neutral effect on profit. This proposition is well settled in numerous judicial judgments as well appellant's own cases of earlier years since A.Y. 2004-05 to 2014-15. Addition confirmed ignoring the decisions of ITAT Indore Bench, Indore, and Hon'ble CIT(A) in the case the appellant for earlier years, is wholly unjustified, bad in law and deserves to be quashed.”

2. The background facts leading to present appeal are such that the assessee-company filed return of income of relevant AY 2015-16 on 29.11.2015 declaring a total income of Rs. 9,01,98,080/- which was subjected to scrutiny-assessment and statutory notices u/s 143(2)/142(1) were issued. Finally, the AO completed assessment u/s 143(3) of the Act assessing total income at Rs. 9,25,33,102/- computed as follows:

Returned income	9,01,98,080/-
Add: Valuation of closing stock	1,27,75,734/-
Less: Valuation of opening stock	1,04,40,712/-
Assessed income	9,25,33,102/-

The above addition/deduction for valuation of closing stock/opening stock have been made for inclusion of excise duty in terms of section 145A of the Act. Being aggrieved, the assessee carried matter in first-appeal but the CIT(A) did not grant any relief. Now, being aggrieved by the order of first-appeal, the assessee has come in this appeal before us.

3. Ld. AR representing the assessee submitted that the AO has invoked section 145A and come to conclude that while computing the valuation of closing stock and opening stock, the assessee had not included the component of excise duty in terms of section 145A. Accordingly, the AO has made aforesaid addition/deduction resulting in net addition of Rs. 23,35,022/-. However, the AO's conclusion is fallacious. *Firstly*, the AO has overlooked the fact that the section 145A prescribes "inclusive method" for valuation of purchase, sales and inventories of goods for determining taxable income and not simply for valuation of inventories (i.e. closing stock and opening stock). *Secondly*, the AO has also overlooked that the assessee is following "exclusive method" of accounting and the section 145A prescribes "inclusive method" but whatever method is applied, there would be no impact on the net profit of assessee and this proposition is well-analysed by the Institute of Chartered Accountants of India in its publications on Accounting Standards/Tax Audit guide and also well-accepted in assessee's own cases of earlier years as well as other judicial rulings. Ld. AR submitted that the impugned issue had been a recurring issue in assessee's own cases from AY 2003-04 onwards and the ITAT has deleted identical additions

made by AO in AY 2003-04 to 2009-10 and the CIT(A) has also deleted in AY 2010-11 to 2014-15. He filed copy of ITAT's order in *ITA No. 738/Ind/2013 dated 16.04.2015 for AY 2009-10* which is a case argued by Ld. AR himself. He submitted that the ITAT/CIT(A) has consistently deleted identical additions in all years and the AY 2015-16 under consideration is the solitary year in which the CIT(A) has not deleted the addition. Therefore, following assessee's own history, the net addition of Rs. 23,35,022/- made by AO deserves to be deleted. Ld. AR also relied upon a recent decision of ***ITAT, Indore in DCIT, Indore Vs. M/s Bridgestone India Pvt. Ltd., Pithampur ITA No. 348/Ind/2017 order dated 30.01.2023 reported in (2023) 48 ITJ 43*** wherein the ITAT has upheld the CIT(A)'s order deleting identical addition and thereby dismissed revenue's appeal.

4. Ld. DR for revenue dutifully relied upon the orders of lower-authorities. However, he left the matter to the wisdom of Bench.

5. Having heard learned Representatives of both sides, we find that the impugned issue is well-settled in favour of assessee in assessee's own cases in past. Further, the recent decision of ***ITAT, Indore in Bridgestone India Pvt. Ltd. (supra)*** relied upon by Ld. AR also supports assessee's stand. Therefore, in absence of any change in facts or law being informed to us, we do not find any valid reason to deviate from the view already taken in assessee's own cases as also in ***ITAT, Indore in Bridgestone India Pvt. Ltd. (supra)***. Therefore, we are inclined to delete the addition made by AO. The assessee succeeds in this appeal.

6. Resultantly, this appeal of assessee is allowed.

Order pronounced in open court on 09.02.2024.

Sd/-
(VIJAY PAL RAO)
JUDICIAL MEMBER

sd/-
(B.M. BIYANI)
ACCOUNTANT MEMBER

Indore

दिनांक /Dated : 09.02.2024.

CPU/Sr. PS

Copies to: (1) The appellant
(2) The respondent
(3) CIT
(4) CIT(A)
(5) Departmental Representative
(6) Guard File

By order

Assistant Registrar
Income Tax Appellate Tribunal
Indore Bench, Indore