

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "SMC", MUMBAI**

BEFORE SHRI B.R. BASKARAN, ACCOUNTANT MEMBER

**ITA NO.4363/MUM/2023
Assessment Year 2021-22**

M/s. IVP Limited.
S.N.Redji Marg, Ghorupdeo,
Byculla East, Mumbai – 400 033
PAN:AAACI-0992-A

- Appellant

Vs.

National Faceless Appeal Centre (NFAC), Delhi
Income Tax Officer 6(3)(1)
Mumbai.

- Respondent

Appellant by : Shri Apurva Shah
Respondent by : Shri Suni Mathews, Sr. DR

Date of Hearing : 30/04/2024
Date of Pronouncement : 30/04/2024

ORDER

The assessee has filed this appeal challenging the order dated 16/10/2023 passed by CIT(A), NFAC, Delhi and it relates to the assessment year 2021-22.

2. The assessee is aggrieved by the decision of Id.CIT(A) in confirming the adjustment made u/s. 143(1)(a)(iv) of the Act while processing the return of income u/s. 143(1) of the Act.

3. The assessee is a Public Ltd. Company and it filed its return of income for the year under consideration declaring 'Nil' income. While processing the return of income, the CPC made adjustments to the total income by making aggregate addition of Rs.11,19,250/-, which included an addition of Rs.3,96,402/- added u/s. 41(1) of the Act on the basis of report given by the Tax Auditor in the Tax Audit Report. It is pertinent to note that the Tax Audit Report requires the Tax Auditor to furnish the details of amount of profit chargeable to tax u/s. 41 of

the Act. The assessee had made "Provision for obsolete inventory" in the immediately preceding assessment year. Out of the provision so made, a sum of Rs.3,96,402/- was found not required and accordingly, the same was credited to the P&L Account of the current year. The Tax Auditor has reported the same in the Tax Audit Report. Based on the report of the auditor, the CPC had made addition without noticing the fact that the assessee has already disclosed the same as part of its revenue in the P&L Account. Accordingly, the addition so made by the CPC has resulted in double assessment of the same income.

4. Hence, the assessee filed a rectification petition u/s. 154 of the Act and it was rejected by the CPC. Hence, the assessee filed appeal before the Id.CIT(A), but could not succeed before him. Hence, this appeal has been preferred by the assessee.

5. The assessee has filed a paper book, wherein a copy of P&L Account along with annexures are placed. A perusal of the same would show that the assessee has included above sum as part of its revenue from operation. Since, the assessee itself had offered the amount of Rs.3.96 lacs as its income in the P&L Account, there was no necessity to assess the very same amount as income u/s. 41(1) of the Act, as it would result in double assessment of same income. The Id A.R submitted that CPC has processed the return of income by making addition on the basis of the Tax Audit Report without realising that the said amount has already been included as revenue of the assessee. Accordingly, he submitted that the addition so made by CPC has resulted in a mistake apparent from record and hence, this addition should be deleted.

4. I have heard ld. Departmental Representative on this issue. Having regard to the submissions made by ld.A.R that the aforesaid amount of Rs.3.96 lacs has already been included as revenue in the P&L Account, I am of the view that the addition made by CPC by making adjustment u/s. 143(1)(a)(iv) of the Act is not correct, as it would result in double assessment of same income. Hence, there is a mistake apparent from record which needs to be rectified. Accordingly, I set aside the order passed by ld.CIT(A) and direct the Assessing Officer/ CPC to delete the addition of Rs.3,96,402/-.

5. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 30th April, 2024.

Sd/-

(B.R. Baskaran)
Accountant Member

Mumbai, Date :30thApril, 2024

VM.

Copy to :

- 1) The Appellant
- 2) The Respondent
- 3) The PCIT/CIT concerned
- 4) The D.R, "SMC" Bench, Mumbai
- 5) Guard file

By Order

Dy./Asstt. Registrar
I.T.A.T, Mumbai