

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

**BEFORE SHRI B.R. BASKARAN, ACCOUNTANT MEMBER AND  
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER**

ITA NO.1052/MUM/2024  
Assessment Year :2021-22

M/s. Ceat Ltd.  
463, RPF House, Dr.Annie Besant Road,  
Worli, Mumbai – 400 030  
PAN: AAACC-1645-G - Appellant

Vs.

Assistant Director of Income Tax, CPC  
1<sup>st</sup> Floor, Prestige Alpha No.48/1,  
48/2, Beratenaagraha Begur, Hosur Road,  
Hobli, Bengaluru – 560 100 - Respondent

Appellant by : Ms. Jasmin Amalsadvala  
Respondent by : Shri H.M.Bhatt

Date of Hearing : 27/06/2024  
Date of Pronouncement : 28/06/2024

**ORDER**

**PER B.R. BASKARAN, ACCOUNTANT MEMBER :**

The assessee has filed this appeal challenging the order dated 11/01/2024, passed by learned Addl/JCIT (A)-4, Chennai, and it relates to the assessment year 2021-22. The solitary issue urged in appeal relates to addition of Rs.60,19,934/- made by CPC u/s. 41(1) of the Income Tax Act, 1961 [in short 'the Act'], while processing return of income u/s. 143(1) of the Act.

2. The assessee is engaged in the business of manufacture and sale of tyres. The return of income was filed by the assessee for the year under consideration on 10/03/2022. The same was processed u/s. 143(1) of the Act, wherein the CPC had made addition of Rs.60,19,934/- u/s. 41(1) of the Act. The above said amount related to the "Sundry creditors balance written

off". There is no dispute between the parties that the amount so written off is assessable as business income of the assessee u/s 41(1) of the Act.

3. The amount liable to be taxed is required to be reported by the Tax Auditor in "Column 25" of the Tax Audit Report. Hence, the tax auditor has duly reported the same in the tax audit report with a note that the above said amount has already credited to P&L Account. Since it is credited to the profit and loss account, the net profit disclosed by the assessee already included the above said amount. Consequently, the same has already been offered to tax by the assessee. However, while processing the return of income, the CPC added the above said amount again. It is the grievance of the assessee that the addition so made by the CPC has resulted in double taxation of the same item of income.

4. Hence the assessee filed appeal before Ld CIT(A) contesting the above said addition. The Ld CIT(A) noticed that the assessee itself has reported the aforesaid amount in "Column 14, Part A-01" of the Income Tax Return as the amount taxable u/s 41(1) of the Act. Accordingly, the Ld.CIT(A) confirmed the addition made by CPC.

5. The ld. A.R submitted that the above said amount was already credited to the P&L Account and hence the net profit would include the above said amount. The total income has been computed by the assessee by taking the net profit amount so declared. In effect, the assessee has already offered the above said amount of Rs.60,19,934/- to taxation in the return of income itself. Hence the addition made by the CPC would result in double taxation of same item of income.

6. The Ld A.R submitted that the "Column 14, Part A-01" in the return of income is a case of abstract reporting of certain details. Hence the Ld CIT(A) was not justified in confirming the addition only on the reasoning that the assessee has reported the details in Column 14. She further submitted that the Tax Auditor has also reported the details of above said income in the Tax

audit report and he has specifically mentioned that the above said amount has already been credited to the P&L Account. The Id. A.R also took us through the paper book in order to substantiate the aforesaid submissions.

7. The Id. Departmental Representative relied on the order passed by Ld.CIT(A).

8. Having heard the rival submissions and also having gone through the documents brought to our notice by Ld.A.R, we are of the view that the addition made by CPC has resulted in double taxation of the same amount. We notice that the assessee has credited the above said amount of Rs.60,19,934/- in the P&L Account and hence, the net profit disclosed by the assessee would consist of the above said amount. The assessee has computed its total income by adopting the net profit disclosed in the profit and loss account and hence the total income has already included the above said income. Hence, there is no requirement of making addition of aforesaid amount u/s. 41(1) of the Act again. Hence the addition made by CPC has resulted in double taxation of same item of income, which is not permitted under the Act. Accordingly, the said addition is liable to be deleted.

9. We notice that the Ld.CIT(A) has given much emphasis on the abstract information given in the return of income and he did not recognize the fact that the net profit disclosed and consequently, the total income computed by the assessee has already included the above said amount.

10. Accordingly, we set aside the order passed by Ld.CIT(A) on this issue and direct the Assessing Officer to delete the addition of Rs.60,19,934/- made u/s. 41(1) of the Act by CPC.

11. In the result, the appeal filed by the assessee is treated as allowed.

Order pronounced in the open court on 28<sup>th</sup> June, 2024.

Sd/-

(SUNIL KUMAR SINGH)  
JUDICIAL MEMBER  
Mumbai, Date : 28<sup>th</sup> June, 2024

Sd/-

(B.R. BASKARAN)  
ACCOUNTANT MEMBER

Vm

Copy to :

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

By Order

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