

**IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD “A” BENCH, AHMEDABAD**

**BEFORE Ms. SUCHITRA KAMBLE, JUDICIAL MEMBER AND  
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

**ITA No.123/Ahd/2023  
Assessment Year: 2018-19**

The Income Tax Officer, Ward – 3(2)(1), Ahmedabad.	Vs.	Gautamkumar Patel, Plot No.3223, Phase-IV, GIDC Industrial Estate, AT – Vatva, Ahmedabad – 382 445 <b>[PAN – ACTPP 0478 N]</b>
(Appellant)		(Respondent)
Assessee by	Shri Aseem L. Thakkar, AR	
Revenue by	Shri Ritesh Parmar, CIT-DR	
Date of Hearing	28.05.2024	
Date of Pronouncement	23.07.2024	

**ORDER**

**PER SUCHITRA KAMBLE, JUDICIAL MEMBER:**

This appeal is filed by the Revenue against order dated 06.01.2023 passed by the CIT(A), National Faceless Appeal Centre (NFAC), Delhi for the Assessment Year 2018-19.

2. The assessee has raised the following grounds of appeal :-

- “1. The Ld. CIT(A) has erred in law and on facts in deleting the addition of Rs.87,48,01,868/- on account of unexplained expenditure u/s.69C of the IT Act.
2. The Ld. CIT(A) has erred in law and on facts in not considering the fact that the assessee’s submission dated 24.11.2022 was not authenticated with relevant documents or accounts ledger.”

3. The assessee is an individual and is engaged in the business of manufacturing of chemical products. The return of income for the Assessment Year (A.Y.) 2018-19 was filed declaring total income at Rs.30,85,690/-. The case was selected for scrutiny

for the issue involving non-furnishing of quantitative details. The assessee submitted that the opening and closing stock of raw material mentioned in the return of income is Rs.62,31,466/- and Rs.1,58,70,250/- respectively. During the course of assessment, the assessee submitted detailed explanation and various documents and the Assessing Officer observed that the amount in opening and closing stock as submitted by the assessee is matching with the amount of opening and closing stock declared in income tax return but the calculation as per the assessee which was done with respect to opening + purchase – consumption – sale to arrive at closing stock is erroneous. After taking cognisance of the assessee's reply, the Assessing Officer made addition of Rs.87,48,01,868/- under Section 69C of the Income Tax Act, 1961 thereby treating the same as unexplained expenditure on account of excess consumption of raw material.

4. Being aggrieved by the Assessment Order, the assessee filed appeal before the CIT(A). The CIT(A) allowed the appeal of the assessee.

5. The Ld. DR submitted that the CIT(A) erred in deleting the addition and the Assessing Officer was not called upon for Remand Report in respect of the calculation given before the CIT(A) was not verified thoroughly by the CIT(A), therefore, the matter may be remanded back to the CIT(A) for calling upon the re-verification of the stock summary as well as the excess consumption chart given by the assessee before the CIT(A).

6. The Ld. AR submitted that the calculations of the additional income made by the Assessing Officer are based purely on incorrect data by application of mathematical formula which are not at all in consonance with the part performance of the assessee. In fact, the Assessing Officer himself found errors in calculation sheet of stock summary and the Assessing Officer ought to have waited at least till the end of May 2021 to finalise the assessment proceedings instead of making unjustified Assessment Order. The Ld. AR further submitted that the CIT(A) has categorically mentioned that the Assessing Officer failed to submit the remand report despite giving him two opportunities and hence after verifying the details given by the assessee in the Balance Sheet figures, returned figures and the audited report and the explanation

about closing stock situation as well as GST returns has taken a view. Thus, the Ld. AR relied upon the order of the CIT(A).

7. We have heard both the parties and perused all the relevant material available on record. It is pertinent to note that the Assessing Officer has pointed out errors committed by the assessee in the stock summary and asked the assessee to rectify the same but since the family members of the assessee was infected due to Covid, the hearing could not be proceeded or represented by the assessee as per submissions of the assessee at page 6 of the order of the CIT(A). The fact remains that there were calculation errors in the stock summary that was submitted by the assessee during the course of assessment proceedings and the same was admitted by the Assessing Officer. The Assessing Officer though called for remand report twice was not able to submit it and, therefore, the table submitted by the assessee before the CIT(A) related to the purchase in kilograms with purchases in Rupees to get opening stock in kilograms which was then reduced from the opening stock in kilograms which enhanced the consumption figures to several times the turnover as well as excessive consumption worth of Rs.87,48,01,868/- was not verified by the CIT(A) though the CIT(A) has co-terminus powers in respect of the verification. Therefore, it will be appropriate to remand back this matter to the file of the CIT(A) thereby calling upon the remand report on the calculations of the details given by the assessee in respect of stock summary and the chart in respect of excess consumption as reproduced from page nos.15 to 18 of the order of the CIT(A). After calling upon the remand report from the Assessing Officer, adjudicate the same on merit thereby giving the independent finding and the reasons as per the Income Tax Statute. Needless to say, the assessee be given opportunity of hearing by following the principles natural justice.

8. In the result, appeal of the Revenue is partly allowed for statistical purpose.

Order pronounced in the open Court on this 23<sup>rd</sup> July, 2024.

Sd/-  
**(NARENDRA PRASAD SINHA)**  
Accountant Member

Sd/-  
**(SUCHITRA KAMBLE)**  
Judicial Member

**Ahmedabad, the 23<sup>rd</sup> July, 2024**

**PBN/\***

*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  
Ahmedabad benches, Ahmedabad*