

| आयकर अपीलीय अधिकरण न्यायपीठ, मुंबई |
IN THE INCOME TAX APPELLATE TRIBUNAL
"D" BENCH, MUMBAI

BEFORE SHRI NARENDER KUMAR CHOUDHRY, HON'BLE JUDICIAL MEMBER
&

SHRI GIRISH AGRAWAL, HON'BLE ACCOUNTANT MEMBER

I.T.A. No. 609/Mum/2024

Assessment Year: 2014-15

Income Tax Officer, 31(2)(1), Mumbai, Kautilya Bhawan Bandra Kurla Complex	Vs	Shree Deepak Export, Andheri, Mumbai 1st Floor Sanjay Building No. 7 Mittal Industrial Estate Andheri (East) - 400059 {Mumbai} [PAN: AAGFS7984K]
अपीलार्थी/ (Appellant)		प्रत्यर्थी/ (Respondent)

Assessee by :	Mr. Manthan Ruparelia, C.A.
Revenue by :	Smt. Mahita Nair, Sr. D/R

सुनवाई की तारीख/Date of Hearing : 12/06/2024
घोषणा की तारीख /Date of Pronouncement: 31/07/2024

आदेश/ORDER

PER GIRISH AGRAWAL, ACCOUNTANT MEMBER:

This appeal filed by the revenue is against the order of National Faceless Appeal Centre/CIT(A), vide order no. ITBA/NFAC/S/250/2023-24/1058785577(1), dated 15.12.2023 passed against the assessment order by the Income Tax Officer - 25(1)(2), Mumbai, u/s. 143(3) of the Income-tax Act (hereinafter referred to as the "Act"), dated 30.12.2016 for Assessment Year 2014-15.

2. The sole grievance of the revenue is against the action of the ld. CIT(A) deleting the addition of Rs.3,40,00,000/- made on account of

undisclosed stock introduced in the books due to mismatch in closing stock for AY 2013-14 and opening stock for AY 2014-15.

3. Briefly stated, facts of the case are that assessee is engaged in the business of Manufacturer, Supplier & Importer of Industrial & Safety Product Like Industrial Gloves, Fire Welding Blanket & Fire Fighting Suit etc. Return of income for AY 2014-15, was filed on 17/11/2014 declaring total income at Rs.2,39,610/-. Case selected for scrutiny under CASS followed by issuance of statutory notices. Assessee complied to the notices by filing requisite details and attending the proceedings. However, learned AO did not consider the submissions filed by the authorized representative of the assessee and rejected the books of account by u/s 145(3) of the Act and made an addition of Rs. 3,40,00,000/- as undisclosed stock to the total income.

3.1. Assessee carried the matter in appeal before the Id. CIT(A), who after considering the submissions of the assessee and the relevant documentary evidences, granted relief to the assessee.

4. Aggrieved, the revenue is now in appeal before this Tribunal.

5. Heard rival contentions and perused the material available on record. The sole argument of the revenue was that the Id. CIT(A) has ignored the mismatch in closing stock for AY 2013-14 and opening stock for AY 2014-15 while deleting the addition of Rs.3,40,00,000/-. We find that the assessee before the Id. CIT(A) contended that the mismatch had occurred due to a typographical error in showing the stock and purchases in the Income-tax return form. However, there is no mismatch in the books of accounts which were duly audited and placed on record before the Id. CIT(A) as well as before us. Before the Id. CIT(A), the assessee also placed

on record a chart showing actual value of opening stock, purchase and closing stocks shown in Audited financials/Tax Audit report and value of these items shown in return of income of AY 2014-15. The chart is reproduced below for ready reference:-

Particulars	Amount as per ITR particulars (Rs.)	Amount as per Audited financials / Tax Audit Report (Rs.)	Difference
Opening stock as on 1 st April 2013	5,60,34,398	2,20,34,398	3,40,00,000
Add: Purchases during the AY 14-15	14,24,30,504	17,64,30,504	(3,40,00,000)
Less: Closing stock as on 31st Mar 2014	(6,99,61,956)	(6,99,61,956)	0
Cost of Goods Sold	12,85,02,946	12,85,02,946	0

5.1. The Id. CIT(A) after considering the submissions of the assessee as well as the relevant documents placed on record, came to the conclusion

that in the return of income for A.Y.2014-15, the value of opening stock has been shown at Rs.5,60,34,398/- whereas the value of closing stock shown in the return of A.Y. 2013-14 was Rs. 2,20,34,398/-. He considered the explanation of the assessee that, due to clerical error while filing income tax return for A.Y.2014-15, the opening stock was overstated by Rs.3,40,00,000/- and purchase was understated by the same amount of Rs.3,40,00,000/-, which was substantiated by relevant documents. The Id. CIT(A) found that there is no variation in the value of closing stock of Rs. 6,99,61,956/- which is same in both the return of income as well as in audited balance sheet. He held that it was erroneous on the part of the AO to reject the books of accounts merely because there was a difference in value of opening stocks without verifying the value of purchase shown in return of income and balance sheet and since both the figures of opening stock and purchase were overstated and understated by same amount of Rs.3,40,00,000/-, there was no effect on the profit. The Id. CIT(A) accordingly deleted the addition.

6. We are of the considered opinion that, the findings of the Id. CIT(A) are based on facts on record placed by the assessee during the appellate proceedings. The Id. CIT(A) while doing so has also ruled out any *malafide* intention on the part of the assessee to manipulate the statement of accounts, so as to gain anything out of it. The mismatch has occurred while filling in the data in return form only. There is no discrepancy in the duly audited financial statements drawn by the assessee from its audited books of account. Under these circumstances, we do not find any reason to interfere with the findings of the Id. CIT(A) while

deleting the addition of Rs.3,40,00,000/- and accordingly, the same is upheld.

7. In the result, appeal of the revenue is dismissed.

Order pronounced in the Court on 31 July, 2024 at Mumbai.

Sd/-
(NARENDER KUMAR CHOUDHRY)
JUDICIAL MEMBER

Sd/-
(GIRISH AGRAWAL)
ACCOUNTANT MEMBER

Mumbai, Dated 31/07/2024

SC S.P.

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. संबंधित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि , आयकर अपीलीय अधिकरण, मुंबई /DR,ITAT, Mumbai,
6. गार्ड फाई/ Guard file.

आदेशानुसार/ BY ORDER,
TRUE COPY

Assistant Registrar
आयकर अपीलीय अधिकरण
ITAT, Mumbai