

IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCH "SMC", PUNE

BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER  
AND  
SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No.1620/PUN/2024

निर्धारण वर्ष / Assessment Year : 2020-21

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| Imran Abdulhadi Shaikh,<br>631, South Sadar Bazar,<br>Lashka, Solapur – 413 003<br>Maharashtra<br>PAN : CCTPS2239C | Vs. | CIT(A),<br>Pune-12 |
| Appellant  |     | Respondent         |

Assessee by : None  
Revenue by : Shri B.S. Rajpurohit

Date of hearing : 25.09.2024  
Date of pronouncement : 26.09.2024

**आदेश / ORDER**

**PER INTURI RAMA RAO, AM :**

This is an appeal filed by the assessee directed against the order of CIT(A), Pune-12, dated 14.06.2024 passed u/s.250 of the Income-tax Act, 1961 (hereinafter also called 'the Act') for the assessment year 2020-21.

2. Briefly, the facts of the case are that the appellant is an individual engaged in the business of retail Trading of clothes under the name and style "Mamta Kids Readymades". The Return of Income for the A.Y. 2020-21 was filed on 10.01.2021 disclosing total income of

Rs.3,25,560/-. Against the said return of income, the assessment was completed by the Assessing Officer (AO) vide order 26.09.2022 passed u/s.143(3) of the Act at a total income of Rs.9,78,952/-. While doing so, the AO made addition of Rs.6,53,392/- on account of excess stock found during the course of survey proceedings u/s.133A of the Act carried out in the business premises of the appellant on 23.10.2019. During the course of survey proceedings, the appellant appears to have admitted excess stock of Rs.6,53,392/- which was not offered to tax. In the circumstances, the AO made addition of Rs.6,53,392/- u/s.69 of the Act and taxed the same under the provisions of section 115BBE of the Act.

3. Being aggrieved by the above addition, an appeal was filed before the CIT(A)/NFAC who vide impugned order confirmed the action of the AO on failure of the appellant to substantiate the contention of the appellant that purchase bills missing as on the date of survey proceedings were subsequently accounted for.

4. Being aggrieved by the order of CIT(A)/NFAC, the appellant is in appeal before us in the present appeal.

5. Before the Tribunal, the appellant altogether took a different ground of appeal that the addition on account of excess stock was admitted without considering the available opening stock as on 01.04.2019.

6. When the matter was called on, none appeared on behalf of the appellant despite due service of notice of hearing. We therefore proceed to dispose of the appeal *ex parte* after hearing the Id. Departmental Representative.

7. We heard the ld. Sr. DR and perused the material on record. The solitary issue that arises for our consideration in the present appeal is with regard to the addition of excess stock of Rs.6,53,392/- found during the course of survey proceedings and admitted by the appellant. Admittedly, during the course of survey operations carried out in the business premises of the appellant on 23.10.2019 the excess stock of Rs.6,53,392/- was found and admitted by the appellant, as seen from the statement recorded from the appellant, which is extracted on page 3 of the assessment order. From mere reading of the statement given by the appellant during the course of survey proceedings, it is clear that the excess stock found was on account of non-availability of purchase bills at the time of survey operations. Therefore, the inference that can be drawn from the above statement is that expenditure was not claimed as deduction, however, the value of closing stock was assessed to tax. The natural corollary of this is to allow the corresponding expenditure as a deduction, as it is not the case of AO that it is unexplained expenditure. Since the excess stock is only on account of unaccounted purchases, no addition is warranted. In the circumstances, the appeal filed by the appellant stands allowed.

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

Order pronounced on this 26<sup>th</sup> day of September, 2024.

**Sd/-**  
**(S.S.GODARA)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

पुणे / Pune; दिनांक / Dated : 26<sup>th</sup> September, 2024.  
Satish

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr.CIT concerned
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "SMC" बेंच, पुणे / DR, ITAT, "SMC" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Senior Private Secretary  
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.