

आयकर अपीलीय अधिकरण
कोलकाता 'बी' पीठ, कोलकाता में
**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'B' BENCH, KOLKATA**

श्री संजय गर्ग, न्यायिक सदस्य
एवं
श्री संजय अवरथी, लेखा सदस्य
के समक्ष
Before

**SRI SANJAY GARG, JUDICIAL MEMBER
&
SRI SANJAY AWASTHI, ACCOUNTANT MEMBER**

**I.T.A. No.: 1183/KOL/2024
Assessment Year: 2014-15**

***Century Tubes & Pipes Trading Pvt. Ltd.....Appellant
[PAN: AADCC 2923 L]***

Vs.

ITO, Ward-6(1), Kolkata.....Respondent

Appearances:

Assessee represented by: Siddharth Agarwal, AR.

Department represented by: P.P. Barman, Addl. CIT, Sr. DR.

Date of concluding the hearing : August 27th, 2024

Date of pronouncing the order : October 16th, 2024

ORDER

Per Sanjay Awasthi, Accountant Member:

In this case the return of income was filed on 28.11.2014 at 'NIL' income. It is recorded that one of the reasons why the case was selected for scrutiny was low net profit shown. Accordingly, through an extremely brief and cryptic narration, the Assessing Officer (hereinafter referred to as ld. 'AO') has recorded that instead of a gross loss of 8.62% there should be a gross profit of 3%, and proceeded to make an addition of Rs. 1,47,15,101/-.

1.1. Aggrieved with this action, the appellant approached the Commissioner of Income Tax (Appeals)-12, Mumbai [hereinafter referred to as ld. 'CIT(A)']

with not only the grievance pertaining to the gross profit addition but also on account of incorrect allowance of brought forward loss. However, the ld. CIT(A) confirmed the addition so made by the ld. AO and also dismissed the ground of appeal pertaining to brought forward losses.

2. Thereafter, the appellant has filed the present appeal before the ITAT with the following grounds of appeal:

“1. For that on the facts and in the circumstances of the case, Ld. CIT(A) was not justified in confirming the action of the A.O. in determining total business loss to be carried forward at Rs. 1,39,56,214/- as against the returned business loss of Rs. 6,57,22,042/-.

2. For that on the facts and in the circumstances of the case, Ld. CIT(A) was not justified in confirming the action of the A.O. in estimating the gross profit at 3% of cost of goods sold without rejecting the books of accounts of the assessee.

3. For that on the facts and in the circumstances of the case, Ld. CIT(A) was not justified in confirming the action of the A.O. who made computational error in arriving at the total loss to be carried forward at Rs. 1,39,56,214/-, which inter alia, included double addition of “other income of Rs. 96,444/-.

4. For that the appellant craves leave to add, alter or delete all or any of the grounds of appeal.”

2.1. Before us the ld. AR argued that gross profit or loss declared by the assessee could have been disturbed only after rejection of books of account. He also argued that there was no worthwhile finding to justify enhancing the gross profit rate and it has been done purely on the basis of an uninformed estimate. The ld. AR also pointed out the inaccuracy in giving the benefit of brought forward losses.

2.2. The ld. DR relied on the orders of the authorities below.

3. We have considered the rival contentions and have also gone through the records before us. It is clear that the ld. AO's order is cryptic and no worthwhile reasons have been advanced for enhancing the gross profit. Also, the books of account have apparently been found to be in order, in as much as they have not been rejected. Considering the facts and circumstances of this case, we direct that the addition on account of enhanced gross profit rate

be deleted. The Id. AO is also directed to allow the benefit of brought forward losses, as claimed by the assessee in the return of income.

4. In the result, with these remarks, this appeal is allowed.

Order pronounced in the open Court on 16th October, 2024.

Sd/-
[Sanjay Garg]
Judicial Member

Sd/-
[Sanjay Awasthi]
Accountant Member

Dated: 16.10.2024

Bidhan (P.S.)

Copy of the order forwarded to:

- 1. Century Tubes & Pipes Trading Pvt. Ltd., C/o. Subash Agarwal & Associates, Advocates, Siddha Gibson, 1, Gibson Lane, Suite 213, 2nd Floor, Kolkata, West Bengal, 700069.**
- 2. ITO, Ward-6(1), Kolkata.**
3. CIT(A)-12, Mumbai.
4. CIT-
5. CIT(DR), Kolkata Benches, Kolkata.

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By order

Assistant Registrar
ITAT, Kolkata Benches
Kolkata