

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH : COCHIN**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER
AND
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

ITA No. 208/Coch/2024
Assessment Year : 2017-18

M/s. The Kerala State Co-operative Coir Marketing Federation Ltd., No. 679, Coirfed Buildings, V.C.S.B. Road, Near North Police Station, Alappuzha – 688 012. Kerala. PAN: AADAT6621Q	Vs.	The Assistant Commissioner of Income Tax, Circle, Alappuzha, Kerala.
APPELLANT		RESPONDENT

Assessee by	:	Shri R. Krishnan, CA
Revenue by	:	Shri Sanjit Kumar Das, CIT-DR

Date of Hearing	:	03-10-2024
Date of Pronouncement	:	28-10-2024

ORDER

PER BENCH

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 17/01/2024 in respect of the A.Y. 2017-18.

2. The brief facts of the case are that the assessee is a co-operative society registered under the provisions of the Kerala Co-operative Societies Act and based on audit certificate and audit memorandum for the F.Y. 2016-17, the AO found some discrepancies and based on that, the AO had

made the assessment. As against the said order, the assessee filed an appeal before the Ld.CIT(A) and contended that the financial statements are not yet audited and they are only tentative and therefore without comparing the audited statements, there is no discrepancy. The Ld.CIT(A) had not accepted the case of the assessee for the reason that the assessee has not filed any reconciliation statement in support of their arguments. As against the said order of the Ld.CIT(A), the assessee is in appeal before this Tribunal with the following grounds.

“1) The learned Commissioner of Income Tax (Appeals) erred in confirming the addition of Rs. 18,07,95,914/- made by the Assessing Officer being difference in provisional figures and audited figures.

2) The learned Commissioner of Income Tax (Appeals) ought to have appreciated that appellant is a Co-operative Society, bound by the audit of the co-operative department and therefore had to wait for the audited figures by the Department.

3) The learned officers below erred in not adopting the audited figures in toto. They ought to have given credence to the audited figures.

4) The learned Assessing Officer erred in picking out one figure of miscellaneous income and seeking an addition of the same. This is against the cannons of taxation.

5) The learned Assessing Officer erred in not granting set off of carried forward losses and unabsorbed depreciation of earlier years without assigning any reason.

6) The learned Assessing Officer ought to have considered the income and expenses as per audited accounts, once he realised that the figures as per return were provisional figures.

7) The learned Commissioner of Income Tax (Appeals) has completely overlooked the reconciliation filed and have rejected the same summarily, which is bad in law.

8) The learned Commissioner of Income Tax (Appeals) got himself misdirected in his working and arriving at a different figure. At any rate he should have provided an opportunity to the appellant to reconcile the same.

Appellant prays that the order of the Commissioner of Income Tax (Appeals) be set aside and the addition be deleted and Assessing Officer directed to allow carry forward losses and unabsorbed depreciation.”

3. At the time of hearing, the Ld.AR submitted that the accounts of the assessee are audited by the co-operative department and therefore the addition made by the AO without properly appreciating the audited financial statements is not correct. The Ld.AR also filed a paper book by enclosing the audited financial statements and other records in support of his arguments. The Ld.AR also further submitted that the Ld.CIT(A) had not considered the reconciliation statement filed by the assessee based on the audited financial statements and therefore prayed that the Ld.CIT(A) may be directed to consider the reconciliation statement filed by the assessee and thereafter decide the issue on merits.

The Ld.DR relied on the orders of the lower authorities.

4. We have heard the arguments of both sides and perused the materials available on record.

5. We found that the AO had arrived the discrepancy based on the unaudited financial statements. Later on, the accounts were audited by the department and based on that, the assessee is filing the reconciliation statement. The said reconciliation statement was not considered by the Ld.CIT(A) and no valid reasons were also submitted by him. In these circumstances, we are of the view that one more opportunity may be granted to the assessee for producing the reconciliation statement before the Ld.CIT(A) and demonstrate that the additions made by the AO is not correct. We, therefore remit the issue to the file of the Ld.CIT(A) for considering the reconciliation statement and other financial statements filed by the assessee and thereafter pass a fresh order in accordance with law, after hearing the petitioner.

6. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 28th October, 2024.

Sd/-
(WASEEM AHMED)
Accountant Member

Sd/-
(SOUNDARARAJAN K.)
Judicial Member

Bangalore,
Dated, the 28th October, 2024.
/MS /

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| 1. Appellant | 2. Respondent |
| 3. CIT | 4. DR, ITAT, Cochin |
| 5. Guard file | 6. CIT(A) |

By order

Assistant Registrar,
ITAT, Cochin