

IN THE INCOME TAX APPELLATE TRIBUNAL
“PATNA BENCH, PATNA
VIRTUAL HEARING AT KOLKATA

Before Shri Duvvuru RL Reddy, Vice-President and Shri Sanjay Awasthi, Accountant Member

I.T.A. No.244/Pat/2024
Assessment Year: 2013-14

South Bihar Power Distribution Company Ltd.....Appellant
Ground Floor, Vidyut Bhawan,
Patna, Bihar-800001.
[PAN: AASCS2207G]

vs.

DCIT, Circle-2, Patna.....Respondent

Appearances by:

Shri Ankit Kumar, CA, appeared on behalf of the appellant.
Shri Ashok Kumar, CIT, appeared on behalf of the Respondent.

Date of concluding the hearing : November 27, 2024

Date of pronouncing the order : December 10, 2024

ORDER

Per Sanjay Awasthi, Accountant Member:

1. The present appeal emanates from an order u/s 250 of the Income Tax Act, 1961 (hereinafter the ‘Act’) passed by Commissioner of Income Tax (Appeals)-1, Visakhapatnam [hereinafter the ‘CIT(A)’] on 12.12.2023. In this case, though a rather brief finding recorded in two paragraphs on page 3 of the Assessing Officer’s order, it has been recorded by the Assessing Officer that the claim of prior period expenses amounting to Rs.60,96,79,662/- could not be verified as allegedly “*no details in respect of nature and period of expenses are found to be submitted during the course of assessment proceedings*”. The Assessing Officer proceeded to add this amount.

1.1 Before the ld. CIT(A) also, the assessee could not succeed as the addition was confirmed through rather cryptic findings as under:

“6. The AO has passed a speaking order and relied on the decision of Hon’ble Madras High court in the case of Madras Fertilizers Ltd Vs CIT. As per the order of AO, the assessee has claimed prior period expenses to the

tune of Rs.60,96,79,662 in the profit and loss account and the same is not an allowable expenditure. However, the assessee vide submissions have failed to justify how the expenditure doesn't constitute prior period expense and why the company hasn't amortized these expenses spreading across various Assessment years.

7. In result, the appeal filed by the appellant M/s. South Bihar Power Distribution Company Limited against the order u/s 143(3) for the AY 2013-14 is dismissed.”

2. Before us, the ld. AR presented arguments based on facts, contained in a paper-book, to aver that the said impugned expenses were claimed justifiably.

2.1 The ld. DR relied on the findings of authorities below.

3. We have carefully gone through the documents before us and also considered the rival arguments. It is clear that the facts surrounding the claim of allowability of prior period expenses have not been gone through by either the Assessing Officer or even the ld. CIT(A). In light of this, it is difficult to form any opinion on the basis of detailed facts presented before us at this stage by the Ld. AR. Accordingly, we deem it fit to remand back this issue to the file of the Assessing Officer to re-examine the assessee's claim on facts first and only then consider the matter in the light of any case law (as has been done by him). Needless to say, that the assessee would do well to present the full facts before the Assessing Officer to enable him to arrive at a true and correct figure of assessable income.

4. In result, this appeal is allowed for statistical purposes.

Kolkata, the 10th December, 2024.

Sd/-

**[Duvvuru RL Reddy]
Vice-President**

Sd/-

**[Sanjay Awasthi]
Accountant Member**

Dated: 10.12.2024.

RS

Copy of the order forwarded to:

1. South Bihar Power Distribution Company Ltd
2. DCIT, Circle-2, Patna
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches