

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND  
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No. 2039/Bang/2024
Assessment Years : 2016-17

Mr. Haris Muhammad Sait, No.22, 4 <sup>th</sup> Floor, Cunningham Road, Next to The Hindu Newspaper Building, Bengaluru – 560 052.  <b>PAN – CBVPS 0986 B</b>	Vs.	The Income Tax Officer, Ward – 7(2)(1), Bengaluru.  .
APPELLANT		RESPONDENT

Assessee by	:	Shri Rajeev Nulvi, AR
Revenue by	:	Shri Venkatesh V, ACIT (DR)

Date of hearing	:	02.12.2024
Date of Pronouncement	:	11.12.2024

**ORDER**

**PER WASEEM AHMED, ACCOUNTANT MEMBER:**

This is an appeal filed by the assessee against the order passed by the National Faceless Assessment Centre (NFAC), Delhi, dated 10/10/2024 in ITA No. ITBA/NFAC/S/250/2024-25/1069601363(1) for the assessment year 2016-17.

2. The only issue raised by the assessee in this appeal is that the learned CIT(A) erred in confirming the addition made by the Assessing Officer (AO) based on a mismatch between the turnover shown in the income tax return and the turnover shown in Form 26AS.

3. The necessary facts in this case are as follows: The assessee is a partnership firm that is engaged in the business of **[business details]**. During the assessment proceedings, the AO found that the turnover declared by the assessee in the Income Tax Return (ITR) was Rs. 5,49,62,279.00 while the turnover shown in Form 26AS was Rs. 8,03,83,611.00. This led to a difference of Rs. 2,47,08,168.00 only. As a result, the AO made an addition of Rs. 19,76,653 to the assessee's income, which was calculated as 8% of Rs. 2,47,08,168.00. The AO treated this amount of Rs. 19,76,653 as income and added it to the total income of the assessee.

4. On appeal, the assessee explained that it had received advances amounting to Rs. 2,63,34,857 from certain parties, after deducting Tax Deducted at Source (TDS). The assessee claimed that these advances were offered for tax in the subsequent assessment year.

5. The assessee also pointed out that the turnover as per Form 26AS for the subsequent assessment year 2017-18 was Rs. 11,80,49,749, while the turnover declared in the Income Tax Return for the same year was Rs. 14,78,60,500.00 only. According to the assessee, the difference in turnover between the Income Tax Return and Form 26AS for the assessment year 2017-18 was due to advances received in the earlier year, after deducting TDS which was offered to tax in the AY 2017-18. Thus, the assessee argued that the advance was recorded as turnover in the following year.

6. However, the learned CIT(A) rejected the assessee's explanation. The CIT(A) observed that the assessee had failed to provide any confirmation from the parties stating that it had received the advance amount of Rs. 2,63,34,857.00. The learned CIT(A) also noted that the

AO had calculated the turnover mismatch based on Rs. 8,03,83,611, whereas the correct figure should have been Rs. 8,12,97,136.00 only. As a result, the learned CIT(A) directed the AO to recalculate the income based on the corrected turnover figure.

7. Aggrieved by the order of the learned CIT(A), the assessee has filed an appeal before us. The learned Authorized Representative (AR) reiterated the submissions made before the learned CIT(A), while the learned Departmental Representative (DR) strongly supported the order of the authorities below.

8. We have heard both parties and examined the materials available on record. From the preceding discussion, it is clear that the addition was made by both the AO and the learned CIT(A) based on the mismatch between the turnover reported in the Income Tax Return and that shown in Form 26AS. However, the assessee explained this mismatch by claiming that advances were received during the year in question, which were reported as income in the subsequent year.

9. The difference in the turnover reflected in Form 26AS was due to these advances, which the assessee argued were not part of its income for the assessment year under dispute, but rather considered income in the next assessment year. This submission was not accepted by the authorities below. Upon reviewing the submissions, we observe that the turnover reported in Form 26AS for the assessment year 2017-18 was Rs. 11,80,49,749, whereas the turnover declared in the financial statement for the same year was Rs. 14,78,60,500.00. The turnover reported in Form 26AS for the subsequent year is higher than that for the assessment year 2016-17 i.e. the year in dispute. This supports the

assessee's claim that the advances received in the earlier year were shown as income in the subsequent assessment year.

10. Furthermore, it is important to note that the learned CIT-A's order did not direct the AO to verify whether the advances of Rs. 2,63,34,857 received by the assessee in the assessment year 2016-17 had been reported as income in the next assessment year. Without such verification, there is a risk of a double addition to the assessee's income, which is not acceptable under the provisions of law. As such, in the absence of such finding, we draw an inference that the advances have already been offered to tax in the subsequent year in the given facts and circumstances. As a result, we disagree with the findings of the learned CIT-A. We, accordingly, direct the AO to delete the addition made, as it would result in double taxation of the same income. In conclusion, we set aside the findings of the learned CIT-A and direct the AO to delete the addition made. Hence, the assessee's ground of appeal is allowed.

11. In the result, the appeal filed by the assessee is hereby allowed.

Order pronounced in court on 11<sup>th</sup> day of December, 2024

Sd/-

**(KESHAV DUBEY)**  
Judicial Member

Sd/-

**(WASEEM AHMED)**  
Accountant Member

Bangalore  
Dated, 11<sup>th</sup> December, 2024

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Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore