

**INCOME TAX APPELLATE TRIBUNAL**  
**AGRA BENCH "SMC": AGRA**  
**BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**  
(Through virtual hearing)

**ITA No. 118/AGR/2025**  
**(Assessment Year: 2016-17)**

Ankur Rice Industries Pvt. Ltd, Gaurapura, Etawah, UP (Appellant)	Vs.	Income Tax Officer, Ward-2(2)(5), Etawah (Respondent)
<b>PAN: AADCA4609H</b>		

Assessee by :	Shri P. K. Sahgal, Adv
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	18/08/2025
Date of pronouncement	17/09/2025

**ORDER**

1. The appeal in ITA No. 118/AGR/2025 for AY 2016-17, arises out of the order of the JCIT(A)-1, Gurgaon [hereinafter referred to as 'ld. JCIT(A), in short] dated 31.12.2024 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 24.12.2018 by the Assessing Officer, ITO, Ward-2(2)(5), Etawah (hereinafter referred to as 'ld. AO').
2. The only issue to be decided in this appeal is as to whether the Learned NFAC was justified in confirming the addition of Rs 3,48,918/- made by the Learned AO on account of salary payable in the facts and circumstances of the instant case.
3. I have heard the rival submissions and perused the materials available on record. The assessee is a private limited company running a rice mill engaged in the manufacturing of rice and other products. The assessee regularly maintains its books of accounts and the book results declared by

the company are properly verifiable and supported by audited books of accounts, invoices/ bills, vouchers and various other supporting evidences maintained by it. All these records and documents were duly furnished by the assessee before the Learned AO. During the course of scrutiny assessment proceedings, the assessee was asked to furnish the details of amount of Rs 3,48,918/- shown under the head 'other current provisions'. The assessee furnished the details for the same by stating that the sum of Rs 3,48,918/- represents salary payable as on 31-3-2016, which was duly paid by the assessee company in the next financial year and also produced evidences thereon. The Learned AO however disregarded the submissions and proceeded to add the sum of Rs 3,48,918/- as income under section 56 of the Act. This action of the Learned AO was upheld by the Learned NFAC.

4. I find that the assessee had duly furnished the details of entire outstanding liabilities for expenses which also included salary payable as on 31-3-2016 in the sum of Rs 3,48,918/- before the Learned AO. The assessee also furnished the details of payment of such outstanding salary in the subsequent assessment year before the Learned AO. Despite the same, the Learned AO without understanding the conduct of the assessee proceeded to make an addition on account of salary payable in the sum of Rs 3,48,918/- by invoking the provisions of section 56 of the Act. At the outset, I am unable to comprehend myself as to how the provisions of section 56 of the Act per se could be made applicable to the impugned transaction. Salary payable as on 31-3-2016 is a genuine business liability arising to the assessee in the course of its business. The assessee is following mercantile system of accounting for computing the profits from the business which is not in dispute before us. While it is so, salary payable as on 31-3-2016 which remains outstanding as on 31-3-2016 would be a genuine business liability and assessee had also furnished the proof of subsequent payments made thereon which is also

reflected duly in the books of accounts of the subsequent year. All these facts are completely undisputed and I hold that the addition has been made without appreciating the entries in the books of accounts and the conduct of the assessee. I have no hesitation to conclude that the addition made in the sum of Rs 3,48,918/- richly deserves to be deleted in the facts and circumstances of the instant case. Accordingly, the ground numbers 1 and 2 raised by the assessee are hereby allowed.

5. In view of the above decision on grounds raised on merits, the additional grounds raised by the assessee before me are not adjudicated herein and they are left open.

6. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 17/09/2025.

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated:17/09/2025  
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi