

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'B' Bench, Hyderabad**

**श्री विजय पाल राव, उपाध्यक्ष एवं**  
**श्री मधुसूदन सावडिया, लेखा सदस्य के समक्ष ।**  
**BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT AND**  
**SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER**

आ.अपी.सं / **ITA No.836/Hyd/2025**  
(निर्धारण वर्ष / Assessment Year: 2021-22)

M/s. Quartzkraft LLP, Hyderabad. PAN:AAAFQ7566K	<b>Vs.</b>	Income Tax Officer, Ward-7(1), Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:	Shri Mohd. Afzal, Advocate	
राजस्व द्वारा / Revenue by:	Dr. Sachin Kumar, SR-DR	
सुनवाई की तारीख / Date of hearing:	15/09/2025	
घोषणा की तारीख / Pronouncement:	19/09/2025	

**आदेश/ORDER**

**PER MADHUSUDAN SAWDIA, A.M. :**

This appeal is filed by M/s. Quartzkraft LLP (“the assessee”), feeling aggrieved by the order passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (“Ld. CIT(A)”), dated 20.03.2025 for the A.Y. 2021-22.

2. The assessee has raised the following grounds of appeal :

1	1. The order of the learned Commissioner of Income Tax (Appeals) is against the law, weight of evidence and probabilities of case.
2	2. The learned Commissioner erred in confirming addition of Rs.1,63,59,809/- which is made on an wrong assumption
3	3. The Ld Commissioner erred in confirming the AO order on the assumption that the assessee has under reported its turnover in the Profit/Loss account as per Income Tax to the extent of Rs 1,63,59,809/- and added this turnover as Undisclosed Income and reduced the carry forward loss to this extend.
4	4. The learned Commissioner ought to have appreciated that the assessee has declared the turnover to the extent of Rs 1,63,59,809/- in the previous financial year FY 2019-20 and the same has been included in the GST returns of FY 2020-21 as per the GST provisions and FAQ released in tutorial guidelines of GST for the under reporting of GST returns.
5	5. The appellant craves leave to add to, amend or modify the above grounds of appeal either before or at the time of hearing of the appeal, if it is considered necessary.

3. The brief facts of the case are that, the assessee is engaged in the manufacture of engineered Quartz slabs. It filed its return of income for A.Y. 2021–22 on 20.01.2022, declaring total income at Rs. Nil. The case of the assessee was selected for complete scrutiny through CASS. After considering the submissions of the assessee, the Learned Assessing Officer (“Ld. AO”) compared turnover figures and noted that, as per GST returns, total sales of the assessee were Rs.12,91,89,389/-, whereas sales declared in the income-tax return/audited accounts were Rs. 11,28,29,580/-. Holding that there was an understatement of turnover of Rs.1,63,59,809/-, the Ld. AO completed the assessment under section 143(3) r.w.s. 144B of the

Income Tax Act, 1961 (“the Act”) on 15.12.2022, making an addition of Rs. 1,63,59,809/-.

4. Aggrieved with the order of Ld. AO, the assessee preferred an appeal before the Ld. CIT(A), who upheld the addition made by the Ld. AO. Resultantly, the appeal of the assessee was dismissed by the Ld. CIT(A).

5. Aggrieved with the order of Ld. CIT(A), the assessee is now in appeal before us. The Learned Authorised Representative (“Ld. AR”) drew our attention to the immediately preceding year’s audited financial statements for F.Y. 2019–20 placed at page nos.32 to 39 of the paper book and submitted that the assessee had export turnover of Rs.1,63,59,809/- in that year. He further submitted that, under the GST law, exports are zero-rated/exempt for tax. Accordingly, the assessee, under a bona fide belief, did not report the said export turnover in the GST returns of F.Y. 2019–20. Subsequently, on advice, the assessee understood that even exempt/zero-rated supplies must be reported. As there was no provision then available

to revise the already-filed GST returns of F.Y. 2019–20, the assessee included the said amount in the GST return of the subsequent year (i.e., F.Y. 2020–21, relevant to the year under consideration). Reliance was placed on proviso to section 37(3) of the CGST Act (page no.57 of the paper book) to say that omitted details could be furnished before 30.11.2020/filing of the relevant annual return, whichever earlier. The Ld. AR also took us through (i) the GST return for September period of F.Y. 2020–21 showing Rs.1,63,59,809/- reported under exempt/zero-rated supplies (page no.71 of the paper book) and (ii) corresponding export invoices (page nos.51 to 56 of the paper book), submitting that all such invoices bear dates in F.Y. 2019–20. It was finally contended that the turnover pertains to F.Y. 2019–20 and had already been recognized in the books for that year (A.Y. 2020–21); hence, the addition for A.Y. 2021–22 deserves deletion.

6. Per contra, the Learned Departmental Representative (“Ld. DR”) relied on the orders of the authorities below. He pointed out that the GST return for the September period of F.Y. 2020–21 (page

no.70 of the paper book) belongs to F.Y. 2020–21; therefore, the turnover declared therein should be treated as turnover of that year, not of F.Y. 2019–20. He further submitted that, even as per the proviso to section 37(3) of the CGST Act (relied upon by the assessee), any such omission pertaining to F.Y. 2019–20 ought to have been rectified on or before 30.11.2020; however, the September return in question was filed on 03.12.2020. Thus, the assessee's plea lacks credibility and the appeal deserves dismissal.

7. We have considered the rival submissions and perused the material available on record. We have gone through the export invoices placed at page nos. 51 to 56 of the paper book and, on perusal, we find that the invoice dates fall in F.Y. 2019–20; however, the invoice amounts are stated in USD. The mere presence of USD-denominated invoices with F.Y. 2019–20 dates, by itself, does not demonstrate how and when those values were recognized in the books of account, nor how they were subsequently reported in GST. We note the assessee's explanation that the export turnover of Rs.1,63,59,809/- pertaining to F.Y. 2019–20 was omitted from the

GST returns of that year and later reported in the GST return of F.Y. 2020–21 (September period) under exempt/zero-rated supplies. If that be so, a comprehensive reconciliation is indispensable. Equally, the Ld. DR's argument about the timeliness under section 37(3) of the CGST Act requires verification from the annual returns. In these facts, the issue is fundamentally reconciliatory and verification-intensive. We therefore consider it appropriate, in the interest of justice, to set aside the impugned order and remand the matter to the file of the Ld. AO for a de novo examination with the following specific directions:

(a) Reconciliation (both years): Prepare a year-wise reconciliation for F.Y. 2019–20 and F.Y. 2020–21 showing, at a minimum, turnover as per audited financial statements (P&L) and books/ledgers; turnover as per GST periodical returns and annual returns.

(b) Where there is an increase in GST-reported turnover in F.Y. 2020–21, examine whether there is a corresponding shortfall in GST-reported turnover in F.Y. 2019–20, and reconcile both with the

audited financials. Any double counting or year-shift must be identified and neutralized.

(c) Verify that all USD-denominated invoices (page nos.51 to 56 of the paper book) converting the amount in Indian currency and verifying the same in F.Y. 2019–20 in the books.

(d) After the above verification, pass a speaking order clearly bringing out the reconciliation and conclusions. If the assessee's contention is borne out on verification, the Ld. AO shall delete or suitably restrict the addition to reflect only the real, unreconciled variance, if any. Conversely, if discrepancies persist, the Ld. AO shall quantify them with document-backed reasons.

8. The assessee is also directed to cooperate and furnish all reconciliations, ledgers, books, GST returns (including annual returns), and supporting documents as may be called for. The Ld. AO shall afford adequate opportunity of being heard and decide the matter expeditiously. In the light of the above, the impugned order is set aside and the matter is remanded to the file of the Ld. AO for

verification and fresh adjudication as per law, in line with the above said directions.

9. In the result, the appeal is allowed for statistical purposes.

**Order pronounced in the open Court on 19th Sept., 2025.**

Sd/-  
**(VIJAY PAL RAO)**  
**VICE PRESIDENT**

Sd/-  
**(MADHUSUDAN SAWDIA)**  
**ACCOUNTANT MEMBER**

Hyderabad.

Dated: 19.09.2025.

\* Reddy gp

**Copy of the Order forwarded to :**

1.	M/s. Quartzkraft LLP, 6-3-668/10/35, Durganagar Colony, Somajiguda, S.O. Khairatabad, Hyderabad-500082
2.	The ITO, Ward 7(1), Hyderabad.
3.	Pr.CIT, Hyderabad.
4.	DR, ITAT, Hyderabad.
5.	Guard file.

BY ORDER,