

INCOME-TAX APPELLATE TRIBUNAL
MUMBAI BENCH "E", MUMBAIBEFORE SHRI OM PRAKASH KANT, ACCOUNTANT MEMBER AND
SHRI ANIKESH BANERJEE, JUDICIAL MEMBERI.T.A No.4959/Mum/2025
(Assessment Year: 2024-25)

M/s Tanyo Exports Pvt Ltd 12 B/C Steelmade Industrial Estate Marol, Maoshi Road, Marol, Mumbai-400 059 PAN : AADCT2391K	vs	Deputy Commissioner of Income- tax, Circle 3(3)(1), Mumbai
APPELLANT		RESPONDENT

Present for Assessee	Shri Gunjan Kakkad
Present for Revenue	Shri Hemanshu Joshi, SR DR

Date of hearing	18/12/2025
Date of pronouncement	22/12/2025

ORDER**Per: Shri Anikesh Banerjee, JM:**

The instant appeal of the assessee filed against the order of the National Faceless Appeal Centre (NFAC), Delhi [in short, 'Ld.CIT(A)] passed under section 250 of the Income-tax Act, 1961 (in short, 'the Act') for Assessment year 2024-25, date of order 17/06/2025. The impugned order was emanated from the order of the CPC, Bengaluru (in short, 'CPC') passed under section 154 of the Act, date of order 19/03/2025.

2. The brief facts of the case are that the assessee is engaged in the business of manufacture and export of garments. During the year under

consideration, the assessee exported goods at a zero rate of Goods and Services Tax (GST). The assessee filed its return of income declaring a total income of Rs.3,10,51,510/-. The return was processed under section 143(1) of the Act and the income was assessed at Rs.4,52,64,060/- after making additions on account of duty drawback amounting to Rs.51,57,719/- and refund of Integrated Goods and Services Tax (IGST) on export sales amounting to Rs.90,54,833/-. Both these items were disclosed in the tax audit report in Clause 16(b) at page 3, relating to *“amounts not credited to the Profit and Loss Account, being pro forma credits such as duty drawback, refund of customs or excise duty, service tax, sales tax, or value added tax”*. Accordingly, while processing the return under section 143(1) of the Act, the CPC confirmed the additions under both heads. The assessee thereafter filed a rectification petition under section 154 of the Act; however, the same was rejected and the demand remained unchanged. Aggrieved by the rectification order, the assessee preferred an appeal before the Ld. CIT(A). During the appellate proceedings, the assessee furnished a rectification letter issued by the Chartered Accountant (CA) along with a revised Clause 16(b) of Form 3CD, duly certified by the tax auditor, and accompanied by a clarificatory/explanatory letter dated 27.03.2025, placed at **pages 184 and 185** of the **APB**. It was submitted that these documents had already been furnished before the CPC at the time of filing the rectification application under section 154 of the Act. Upon consideration of the submissions, the Ld. CIT(A) deleted the addition relating to duty drawback amounting to Rs.51,57,719/-. However, in respect of the IGST refund on export sales amounting to Rs.90,54,833/-, it was observed that the assessee had received a refund of rs.47,50,587/- from the GST Department during the relevant financial year, while the balance amount of

Rs.43,04,246/- was received in the subsequent year. Accordingly, the Ld. CIT(A) deleted the addition to the extent of Rs.47,50,587/- and sustained the addition in respect of the balance amount. The appeal was thus partly allowed. Being aggrieved, the assessee is in further appeal before us.

3. The Ld. AR argued the matter and filed a paper book containing **pages 1 to 204**, which has been placed on record. The assessee also filed an application for admission of additional evidence in the form of the *"IGST Refundable Ledger from 01.04.2023 to 31.05.2024"*, enclosed at **pages 186 to 188** of the **APB**. The Ld. AR submitted that the assessee, being an exporter, effected export sales outside India by charging IGST at the applicable rate at the time of export. Upon completion of the export transactions, the assessee claimed refund of the IGST paid from the GST Department. During the impugned assessment year, the assessee claimed an aggregate GST refund of Rs.90,54,833/-, out of which an amount of Rs.47,50,587/- was actually received during the year. It was further submitted that the assessee had never debited the IGST paid to the Profit and Loss Account, and therefore, both the payment of IGST on export sales and the subsequent receipt of refund were duly adjusted through the ledger accounts in the books of account. The assessee also filed Form GSTR-9 under Rule 80 of the CGST Rules, 2017. In the said annual return, under Part VI, Item 15 titled *"Other Information"* relating to *"payments and refunds"*, the details of the refund claim were duly disclosed. A copy of the GSTR-9 is placed at **pages 106 to 123** of the **APB**.

4. The Ld. AR further invited our attention to the ledger account relating to IGST receivable on export sales, placed at pages **186 to 188** of the **APB**, wherein the refund entries are duly reflected. Referring to the factual matrix, the Ld. AR also drew our attention to the appellate order, wherein the issue

has been discussed in detail by the Ld. CIT(A). Paragraph 4.2(b) of the said order is reproduced below:

“4.2.....

(b) IGST Refund on Export Sales of Rs.90,54,833/-has been added in the intimation under section 143(1) dated 28.2.2025. The assessee follows the accounting method whereby they show the GST Liability & GST ITC credits under Duties & Taxes in the Balance Sheet. The same has been shown in tax audit report clause 16 b only for the purpose of disclosure of details. The GST Liability & GST ITC Credit same has been shown as current liability, IGST on Export Sales is actually paid & then the IGST Refund is claimed in GST Returns. The GST Refund received is only the refund of IGST which is first paid & then claimed as refund. Hence the IGST Refund received is not an income and hence no addition should be made. The assessee requested to kindly delete the additions made in Intimation under Section 143(1) and rectify this mistake.”

4. The Ld. DR supported the orders passed by the revenue authorities. The Ld. DR drew our attention to the operative paragraph of the impugned appellate order at page 5, which is reproduced below:–

“On a perusal of the P and L Account it is seen that the amount of Rs.5157719 is credited in the P and L Account under item no 18 'Other Income'. Since copy of the P & L. Account was furnished during appeal proceeding the same is accepted and the addition made in deleted. Coming to the other issue of IGST refund on Export Sales of Rs.9154833 which was added back in the intimation u/s 143(1) dated 28/02/2025, it was submitted that addition was on account of IGST Refund of Rs 9054833 on export sale to the Returned income in the Rectification Order under Section 154 of the Act dated 19 03 2025. The assessee follows the accounting method whereby they show the GST Liability and GST ITC credits under Duties and Taxes in the Balance Sheet. The IGST Refund claimed on export sale is actually paid and same is then claimed as refund. Refund received is therefore not an income and hence no addition should be made to the returned income. The details filed in the GST Return-9C is given here-“

5. In view of the above facts and circumstances, and after considering the rival submissions and the material available on record, we find that the core issue before us relates to the addition on account of IGST refund claimed on export sales. The assessee has produced, for the first time before the Tribunal, the "IGST Refundable Ledger from 01.04.2023 to 31.05.2024", placed at **pages 186 to 188** of the **APB**, which requires factual verification. Accordingly, in the interest of justice, we deem it appropriate to restore the matter to the file of the Ld. Jurisdictional Assessing Officer (JAO) for the limited purpose of verifying the said IGST refundable ledger and examining the claim of the assessee in accordance with law. The Ld. JAO shall afford a reasonable opportunity of being heard to the assessee before deciding the issue. The assessee is also directed to extend full cooperation in the set-aside proceedings so as to enable expeditious disposal of the matter. Thus, the appeal of the assessee is allowed for statistical purposes.

6. In the result, the appeal of the assessee bearing **ITA No.4959/Mum/2025** is allowed for statistical purpose.

Order pronounced in the open court on 22/12/2025

Sd/-

(OM PRAKASH KANT)
ACCOUNTANT MEMBER
Mumbai, Dt : 22/12/2025
Pk/-

sd/-

(ANIKESH BANERJEE)
JUDICIAL MEMBER

Copy of the Order forwarded to:

1. अपीलाथ/The Appellant ,
2. ितवादी/ The Respondent.
3. आयकरआयु CIT
4. िवभागीयतिनिध, आय.अपी.अिध., मुंबई/DR, ITAT, MUMBAI
5. गाडफाइल/Guard file.

//True Copy//

BY ORDER,

(Asstt. Registrar), ITAT, MUMBAI