

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "F" MUMBAI**

**BEFORE SHRI SANDEEP GOSAIN (JUDICIAL MEMBER)
AND
SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)**

**ITA No. 5035/MUM/2025
Assessment Year: 2021-22**

M/s Farlin Commodities Pvt. Ltd.,
Office-609, Bonanza, Sahar Plaza,
M.V. Road, Nr. Hotel Kohinoor,
J.B. Nagar,
Mumbai-400059.
PAN NO. AACCF 1144 R
Appellant

DCIT, Circle 1(3)(1),
Aayakar Bhavan,
Mumbai-400020.
Vs.

Respondent

Assessee by : Mr. Aakash Kumar
Revenue by : Mr. Vivek Perampurna, CIT-DR

Date of Hearing : 19/11/2025
Date of pronouncement : 20/01/2026

ORDER

PER OM PRAKASH KANT, AM

This appeal has been preferred by the assessee against order dated 13.06.2025 passed by the Ld. Commissioner of Income-tax (Appeals) – National Faceless Appeal Centre, Delhi [in short ‘the Ld. CIT(A)'] for assessment year 2021-22, raising following grounds:

1. *On the facts and circumstances of the case and in law, the learned CIT (A) erred in dismissing the appeal w.r.t addition of Rs. 58,60,583/- as undisclosed business income without taking into consideration the submitted supporting*



documents and facts of the case.
The bifurcation of addition made by the Ld AO and confirmed by the CIT (A) is as below:

Sr. No.	Particulars	Amounts
1	Commission Income as undisclosed business income	Rs. 44,04,037/-
2	Interest income from Punjab National Bank as Income from other sources	Rs. 90,133/-
3	Differential amount between opening and closing trade receivable after deducting sales amount declared in ITR.	Rs. 13,66,413/-
	Total Additions	Rs. 58,60,583/-

2. Briefly stated, facts of the case are that assessee filed return of income for the year under consideration on 19.07.2021 declaring loss for the current year amounting to Rs.(-)4,83,37,535/-. The return of income filed by the assessee was selected for scrutiny assessment and notice u/s 143(2) under the Income-tax Act, 1961 (in short 'the Act') was issued and served upon the assessee. However, the assessee did not comply to the subsequent notices issued u/s 142(1) of the Act on 28.06.2022, 05.08.2022, 14.10.2022 and 07.11.2022. The Assessing Officer then finally issued a show cause notice dated 07.12.2022 which was partly complied by the assessee. On verification of the assessment records, the Assessing Officer found that as per the form No. 26AS tax deducted at source on commission income u/s 194H of Rs.44,04,037/- and Rs.4,64,845/- was deducted by M/s Samdani Coal Pvt. Ltd. and also tax was deducted on interest income of Rs.90,133/- received by the assessee from Punjab National Bank. The Assessing Officer also observed net trade receivable of Rs.1,37,62,293/- added during the year as against the sales done of



Rs.1,23,94,880/- . The Assessing Officer accordingly asked the assessee regarding variation of Rs.13,66,413/- between trade receivable added during the year under consideration and sales reported in profit and loss account. Though the assessee filed submissions, but however the Assessing Officer did not consider the submission of the assessee and made addition of Rs.58,60,583/- for three additions as under:

Sr. No.	Particulars	Amounts
1	<i>Commission Income as undisclosed business income</i>	Rs. 44,04,037/-
2	<i>Interest income from Punjab National Bank as Income from other sources</i>	Rs. 90,133/-
3	<i>Differential amount between opening and closing trade receivable after deducting sales amount declared in ITR.</i>	Rs. 13,66,413/-
	Total Additions	Rs. 58,60,583/-

3. On further appeal also the Ld. CIT(A) without verifying the claim of the assessee simply sustained the addition made by the AO.

4. Before us, the Ld. counsel for the assessee has filed a Paper Book containing pages 1 to 166.

5. We have heard rival submissions of the parties and perused the relevant materials on record. Regarding the commission income, the assessee has claimed that said income is already part of the commission income of Rs.1,23,95,880/- received from M/s Samdani Coal Pvt. Ltd. and which has been offered for tax under sale of services i.e. commission income under the head 'business



and profession'. Regarding the interest from Punjab National Bank, the assessee submitted that total interest income of Rs.3,15,731/- which comprised of interest of Rs.90,133/- from PNB and income-tax refund of Rs.2,25,598/- and same was offered to tax as 'other income' under the head 'business and profession' in the Income-tax Return. Regarding the variation in sales declared in the profit and loss account and the trade receivable added during the year, the assessee submitted that same was due to the treatment of GST by M/s Samdani Coal Pvt. Ltd. as inclusive of GST, however, whereas the assessee has taken exclusive of the GST.

5.1 Having heard the submission of the both parties, we are of the opinion that it is a matter of only verification of the commission income appearing in Form No. 26AS with the commission income reported by the assessee in its books of accounts. Similarly, the interest income from PNB is also reported by the assessee as part of the other income and need verification at the end of the Assessing Officer. Regarding the issue of variation in sales as compared to the increased in trade receivable also the Assessing Officer need to verify the claim of the assessee rather than outright rejecting. We find that both the authorities have not considered the submission of the assessee and rejected the claim of the assessee. As quasi judicial authorities, the Income-tax Authorities are required to follow principles of natural justice and examine the claim of the assessee in the light of documentary evidences. As the ld CIT(A) and



the ld AO has failed to examine the documents of the assessee properly , we set aside the order of the Ld. CIT(A) and restore the matter back to the file of the Assessing Officer with the direction to verify the claim of the assessee related to addition under dispute with income-tax return, financial statements and books of accounts of the assessee and then decide in accordance with law. It is needless to mention that assessee shall be afforded adequate opportunity of being heard. Accordingly, the sole ground of appeal of the assessee is allowed for statistical purposes.

6. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 20/01/2026.

**Sd/-
(SANDEEP GOSAIN)
JUDICIAL MEMBER**

**Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER**

Mumbai;
Dated: 20/01/2026
Rahul Sharma, Sr. P.S.

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,
(Assistant Registrar)
ITAT, Mumbai