

IN THE INCOME TAX APPELLATE TRIBUNAL
“D” Bench, Mumbai
Before S/Shri B.R. Baskaran (AM) & Pawan Singh (JM)

I.T.A. No. 7315/Mum/2014
(Assessment Year 2011-12)

ACIT-15(1)(2) Room No. 403 4 th Floor Aayakar Bhavan M.K. Road Mumbai-400 020. (Appellant)	Vs.	M/s. Desh Consultancy Services Pvt. Ltd. 101-105 B Shiv Chambers Sector-11, Belapur Navi Mumbai-400 614. (Respondent)
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PAN No.AACCS0044L

Assessee by	Shri S.L. Jain
Department by	Shri Nitin Waghmode
Date of Hearing	12.7.2016
Date of Pronouncement	20.7.2016

ORDER

Per B.R. Baskaran (AM) :-

The appeal filed by the Revenue is directed against the order dated 26.9.2014 passed by learned CIT(A)-22, Mumbai and it relates to A.Y. 2011-12.

2. The Revenue is aggrieved by the decision of learned CIT(A) in deleting the disallowance of chit discount claimed by the assessee.

3. We have heard the parties and perused the record. The assessee company has subscribed to chit fund schemes floated by M/s. Shriram Chits (Maharashtra) Limited. It had claimed chit discount on pro rata basis and accordingly claimed a sum of ₹ 4.05 crores as deduction. The Assessing Officer disallowed the said claim by holding that the assessee has not brought any evidence on record to show that it has invested in chit fund schemes and has incurred such a huge discount of ₹ 4.05 crores. Accordingly, the Assessing Officer disallowed the above said claim. In the appellate proceedings, learned CIT(A) took the view that the disallowance has been made by the Assessing

Officer, as he did not accept the method of accounting followed by the assessee. The assessee had claimed discount of chit fund on pro rata basis following the decision taken by the Assessing Officer in the assessment year 2003-04. Learned CIT(A) took the view that the Assessing Officer should not have disturbed the said method followed by the assessee as per decision taken by the Assessing Officer himself in A.Y. 2003-04. Accordingly, by following the decision rendered by Hon'ble Supreme Court in the case of CIT Vs. Bilahari Investments (P) Ltd. (299 ITR 1), learned CIT(A) took the view that there is no reason to disturb the method consistently adopted by the assessee.

4. We noticed that learned CIT(A) has misdirected himself in appreciating the reasons on which disallowance was made by the Assessing Officer. As noticed earlier the Assessing Officer disallowed the claim on the reasoning that the assessee has not furnished any evidence. From the assessment order, we noticed that the Assessing Officer has not discussed anything about the method of accounting on chit discount and hence we are of the view that this issue requires fresh examination at the end of learned CIT(A). Accordingly, we set aside the order of learned CIT(A) and restore this issue to his file with the direction to adjudicate the same afresh after hearing the assessee on the ground on which the disallowance was made by the Assessing Officer.

5. In the result, appeal filed by the Revenue is treated as allowed for statistical purposes.

Order has been pronounced in the Court on 20.7.2016

Sd/-
(PAWAN SINGH)
JUDICIAL MEMBER

Sd/-
(B.R.BASKARAN)
ACCOUNTANT MEMBER

Mumbai; Dated : 20/7/2016

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)

4. CIT
5. DR, ITAT, Mumbai
6. Guard File.

//True Copy//

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai

PS