

Unverified sundry creditors - only reason of the rejection of sundry creditors was that the sundry creditors have not made any response in relation to the issuance of notice or process of verification of the Revenue

ITAT KOLKATA,- RAMESHWAR SHAW VERSUS INCOME TAX OFFICER, WARD-48 (3)
, KOLKATA, No.- I.T.A. No. 841/KOL/2023

Dated.- February 12, 2024

The assessee in his submission stated that the remand report which was submitted by the Id. Assessing Officer placed during that appeal proceeding. In the appellate proceeding, the remand report was accepted but there is a lack of verification. But it is a fact that lack of verification was not only the negligence of the assessee but also from the end of the Revenue. Some of the sundry creditors had duly replied through 133(6) notice before the Id. Assessing Officer, but which are taken care in the hearing before the Bench. The assessee is registered under the West Bengal VAT Act, 2003/CST Act, 1956. There is no such enquiry done by the Revenue or any negative comment was received from the indirect tax authority related to purchase of the goods. There is no such significant effort that inquiry was done from the end of the VAT Authority also. There is no discrepancy in the purchase of goods or payment. Only the opening balance was added to the total income of the assessee. We also rely on the order of the Coordinate Bench of ITAT in assessee's own case. In our considered view that the assessee is protected from the coherent evidence like that all payments, purchase bill, VAT Registration, Return of VAT Act, 2003, confirmation of parties and reply of parties in persuasion of notice u/s. 133(6) of the Act. The Id. DR has agitated the point of non-verification of parties. But verification of parties not only concentrated by non-compliance of notice u/s. 133(6) or inspection conducted by the Inspector of revenue. The purchase and sales of assessee during impugned assessment year are accepted by the Id. AO. The Id. DR is not able to bring any contrary order of

earlier years where the sundry creditors or purchase are rejected by the Id. AO. Only for the cross verification under section 133(6) is in dispute, cannot the good reason for rejection of sundry creditors. We find that the entire addition is unjustified considering the submission of the assessee, which were filed before both the lower authorities. We, therefore, set aside the order of Id. 1st Appellate Authority and the entire addition of Rs. 2,04,23,945/- is quashed.