

ITAT remanded matter to verify mismatch found in bank account and books towards transport payments

Summary – The Kolkata ITAT in a recent case of Ghosh & Chakraborty Transport., (the Assessee) held that where on basis of mismatch found by Assessing Officer in amounts paid to concerned parties as appearing in books of account of assessee and as appearing in bank account of assessee, matter remanded to give opportunity to produce relevant bills and vouchers

Where disallowance under section 40(a)(ia) was made by Assessing Officer in case of payment of transport charges on ground that PAN of payee were not furnished by assessee, matter remanded to verify whether assessee had submitted PAN of payee

Facts

- The assessee, a transport sub-contractor, claimed deduction on account of transport charges.
- The Assessing Officer noticed that transport charges paid to different parties otherwise than crossed cheque were in excess of Rs. 20,000 in case of single payments and in excess of Rs. 50,000 in case of payments during the year. He also found that the entries appearing in the assessee's Bank account were totally different from the entries recorded in assessee's ledger account. He concluded that since no TDS was deducted by the assessee as required under section 194C, he disallowed the said amount by invoking the provisions of section 40(a)(ia).
- The Commissioner (Appeals) confirmed said order.
- On appeal:

Held

- The explanation offered by the assessee that the entries appearing in its bank account represented withdrawals made by the concerned parties for and on its behalf, was not accepted by the authorities below and the relevant entries found recorded by the assessee in its books of account were not treated reliable by them mainly because the assessee failed to produce the relevant bills and vouchers to support and substantiate the same. In this regard, the assessee has submitted that such bills and vouchers were regularly maintained by the assessee but in the absence of any specific opportunity given, the same could not be produced for verification. He has contended that the assessee in the facts and circumstances of the case including the fact that nothing adverse has been brought on record by the Assessing Officer to doubt the relevant entries appearing in the books of account of the assessee may be given one more opportunity to produce the relevant bills and vouchers before the Assessing Officer in order to support and substantiate its case, there is merit in this contention for the assessee. Accordingly, the impugned order of the Commissioner (Appeals) on this issue is set aside and the matter be restored to the file of the Assessing Officer for deciding the same afresh after giving one more opportunity to the assessee.