

Additions made by AO without verifying facts - matter set aside by ITAT

Summary – The Ahmedabad ITAT in a recent case of Ramesh A Marand, (the Assessee) held that where additions were made by AO without verifying facts, the matter would be set aside

Facts

- The assessee filed return declaring certain taxable income and case was selected for scrutiny. The assessee was asked to produce Form 16 which was produced after a slight delay.
- The Assessing Officer also directly collected Form No. 16 from the employer and since there were differences in form No.16 received from employer and exempt income claimed by assessee, the Assessing Officer held that Form No. 16 submitted by the assessee, was false and added difference of allowances claimed by assessee to his taxable income.
- The Commissioner (Appeals) confirmed said addition.
- On second appeal:

Held

- The ITAT held that the Assessing Officer had not allowed proper opportunity of being heard nor allowed opportunity of cross-examination of the employer to the assessee before accepting his reply.
- Since the assessee was not given proper hearing, he must be given one more opportunity of hearing and to represent his case. Therefore, the appeal is restored to the file of the Assessing Officer for reconsideration after allowing proper opportunity of being heard in accordance with law and allowing cross-examination of the employer of the assessee to the assessee.
- In the result, the appeal is allowed for statistical purposes.