

Since AO failed to conduct proper enquiry sec. 263 revision held justified: HC

Summary – The High Court of Madhya Pradesh in a recent case of Nagal Garment Industries (P.) Ltd., (the Assessee) held that since the AO failed to conduct proper enquiry sec. 263 revision is justified.

Facts

- The assessee had filed return and the Commissioner issued a notice under section 263 to the assessee proposing to revise the order of assessment on the ground that it was erroneous and prejudicial to the interest of revenue. The case was remitted back to the Assessing Officer for conducting a proper assessment.
- On appeal, the Tribunal dismissed assessee's appeal.
- On appeal to the High Court:

Held

- The HC held that it is apparent that the Tribunal has examined the record and has arrived at a finding that the Assessing Officer has passed the order of assessment without making a proper enquiry and without applying his mind to the return and the documents filed by the assessee, as such the order is erroneous as well as prejudicial to the interest of revenue.
- The HC stated that the Tribunal has correctly recorded a conclusion that the assessment order is erroneous and prejudicial to the interest of revenue on the ground that the AO passed an order of assessment without application of mind and by blindly accepting the entry in the statement of the account filed by the assessee without making any inquiry.
- Thus, no question of law arose for adjudication in the instant appeal.